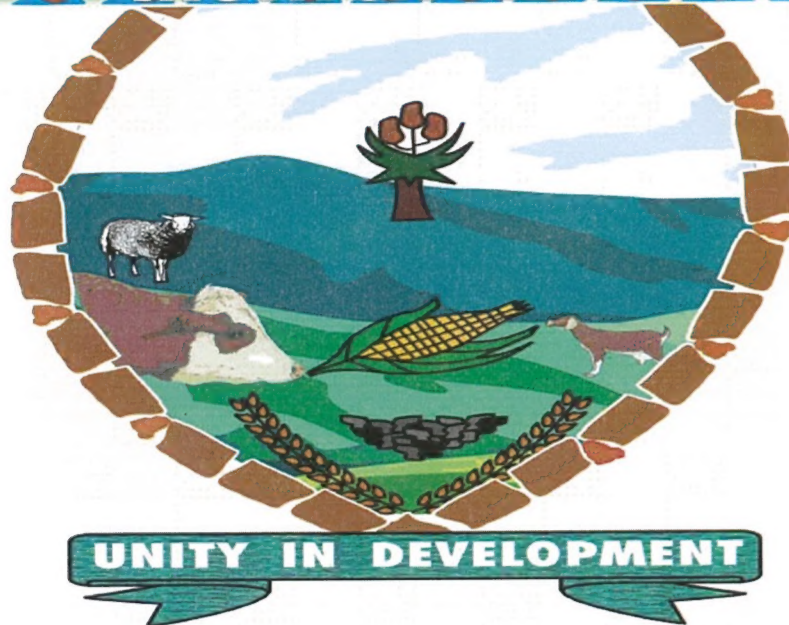


EMALAHLENI
MUNICIPALITY



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**DRAFT MEDIUM TERM REVENUE
AND EXPENDITURE FRAMEWORK
2016/2017 TO 2018/2019**

ANNUAL DRAFT BUDGET OF
EMALAHLENI
MUNICIPALITY

2016/17 TO 2017/18
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

CFO	Chief Financial Officer	MFMA	Municipal Financial Management Act Programme
CPI	Consumer Price Index	MIG	Municipal Infrastructure Grant
CRRF	Capital Replacement Reserve Fund	MM	Municipal Manager
DoRA	Division of Revenue Act	MPRA	Municipal Properties Rates Act
EDTA	Economic Development Tourism and Agriculture	MSA	Municipal Systems Act
FBS	Free basic services	MTEF	Medium-term Expenditure Framework
GDP	Gross domestic product	MTREF	Medium-term Revenue and Expenditure Framework
GFS	Government Financial Statistics	NERSA	National Electricity Regulator South Africa
GRAP	General Recognised Accounting Practice	OHS	Occupational Health and Safety
HR	Human Resources	OP	Operational Plan
IDP	Integrated Development Strategy	PBO	Public Benefit Organisations
IDHS	Infrastructure Development and Housing Services	PMS	Performance Management System
IT	Information Technology	PPE	Property Plant and Equipment
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprises
kWh	kilowatt		
LED	Local Economic Development		
mSCOA	municipal Standard Chart of Accounts		

Part 1 – Annual Budget

1.1 Mayor's Report

The Emalahleni Municipality continues to operate in a challenging economic environment given the high rate of unemployment filtering through and impacting on the municipality's ability to collect own revenue. This economic situation is further fuelled by especially the electricity prices that increases year on year with rates that are far above inflation rates. The overall effect is that the municipality is greatly grant dependant.

In the light of these factors over which we have little or no control we are faced as a municipality with a daunting task and the challenge of

- A huge backlogs in service delivery, over its vast rural municipal area
- The socio-economic problems of high unemployment and poverty levels.

Progress has been made in implementing financial controls, processes and procedures resulting in the drafting of a credible IDP and a credible budget linked and driven by our IDP and the national objectives of:

- Service delivery
- Financial viability and management
- Local economic development
- Municipal institutional development and transformation.
- Good governance and public participation

In order to achieve this the Council and Executive Committee commit themselves to provide leadership based on a culture of honesty, ethical business practices and good governance by exercising our oversight responsibility regarding financial and performance reporting as well as adherence to compliance and implementation of Legislation and internal controls.

These are some highlights within our departments

Corporate services

The organogram has been developed to give effect to the needs of the organisation. The municipality is however currently engaged in a business re-engineering process where it seeks to reconcile the available skills at the municipality with the required skills in order to achieve medium to long term municipal objectives. The outcome of this process will possibly see re-arrangement/amendments being proposed to the organogram.

The institution has been carrying the burden of a shortage of office space and this budget makes provision to initialise the process of providing the required office space that will see our employees being able to perform in an optimum environment.

These efforts are strides to making Emalahleni Municipality the employer of choice that capacitates both the councillors and staff.

Community services

The traffic station has been constructed and has become operational. This is an endeavour to increase own revenue and the traffic department will certainly contribute positively in the medium to long term in revenue generation. The development and establishment of a traffic section within Emalahleni municipality will further ensure and enforce safety of our community.

The solid waste site and its completion remain a priority and we will continue in the new financial year to access and allocate funds to this critical area within community services.

An allocation of R 8.402 million has been provided for capital projects under community services for the 2016/17 financial year.

EDTA

The Emalahleni municipal area has been drought stricken. We plan to utilise our interactions with Inter Governmental Relations forums to assist the municipality on the matter.

IDHS

The focus of MIG funding continues to be the construction and upgrading our roads network which we hope will see our communities being able to access economic activity.

The electrification of our villages continue to be a priority and the new financial year will finally see the last of these electricity backlogs been finally addressed and eradicated.

The municipal administration continues to be challenged with conducive office space and intend focusing on the provision of office space in the short to mid-term.

An allocation of R 23.868 million has been appropriated towards infrastructure development in the 2016/17 financial year.

Finance

The Finance department continues to improve its financial processes in line with best practices and this is evident in the audit outcomes. The department continues to endeavour to optimise the use of the SEBATA financial system to ensure that credible data that forms the basis of financial reporting is produced and maintained.

A new financial reform, mSCOA (municipal Standard Chart of Accounts) has been introduced by the National Treasury and the Emalahleni municipality has to be compliant by 1 July 2017. Provision has been made in this budget to address this requirement to ensure that the municipality comply with this reform.

The municipality is grant dependant and to this end it is necessary to develop a plan for revenue enhancement to reduce our dependence and improve our financial viability. The department annually review this strategy to ensure relevance and that such is implemented. The department continues to update and implement its indigent policy to ensure that the poor households receive their basic services. This strategy also seeks to address the low collection rate by writing off arrear debt of registered indigent households.

Budget figures

The tabled budget projects the following:

Increases

The tariff increases on services will be an average of 6%

The electricity increase of 8% is as per interim guide by NERSA and we await the final guide from NERSA that will give us clear guidelines in the setting of electricity tariffs for the coming year.

By-laws and Policies

Council has by- laws and policies in place that are annually subjected to reviewal as part of the budget preparation process.

Income and expenditure

Operating budget

Total revenue:	R 187.721 million
Total expenditure:	R 187.706 million
Projected surplus:	R 15.715 thousand

It is to be noted that it is annually a mammoth task to prepare a surplus budget given the unlimited municipal needs versus the limited financial resources. The municipality however ensures that a surplus budget is achieved annually although the surplus seems to be dwindling each year due to the own capital being funded through accumulated reserves annually without replenishing these reserves. This calls for Directorates to cut down on the nice to haves and non-essentials budgeted items.

Capital budget:

Grant funding:	R 30.170 million
Own funds:	R 8.800 million
Total capital expenditure:	R 38.970 million

I hereby table the Medium Term Revenue and Expenditure Framework for 2016/17 to 2018/19 Financial period for adoption by the Emalahleni Council as per the resolutions below:

P.P. N. Nyukwana
CLLR N. NYUKWANA
MAYOR

1.2 Council Resolutions

The Council approves and takes the following resolutions for the draft annual budget of 2016/17 to 2018/19 financial period:

The Council of Emalahleni Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) adopts:

1.1. The draft annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:

- 1.1.1. Budget Summary as per Table A1
- 1.1.2. Budgeted Financial Performance (revenue and expenditure by standard classification) as per Table A2;
- 1.1.3. Budgeted Financial Performance (revenue and expenditure by municipal vote) as per Table A3;
- 1.1.4. Budgeted Financial Performance (Revenue and Expenditure) as per Table A4;
- 1.1.5. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source reflected as per Table A5;
- 1.1.6. Budgeted Financial Position as per Table A6;
- 1.1.7. Budgeted Cash Flows as per Table A7;
- 1.1.8. Cash backed reserves and accumulated surplus reconciliation as per Table A8;
- 1.1.9. Asset management as per Table A9; and
- 1.1.10. Basic service delivery measurement reflected as per Table A10.

2. The Council of Emalahleni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts the following tariffs as set out and included in the budget documentation, with effect from 1 July 2016:

2.1. The tariffs for property rates which are increasing on average by 6%

- Residential 0.0087c/R
- Undeveloped land 0.0087c/R
- Municipal Buildings/Properties 0c/R
- Business 0.0130 c/R
- Government 0.0130 c/R
- Agriculture 0.0022 c/R
- Public Service Infrastructure 0c/R
- Public Benefit Organisations 0.0022 c/R

2.2. The tariffs for electricity which increase on average by 7.64% as per NERSA guide can only be approved and implemented after approval by NERSA.

2.3. The tariffs for solid waste services which are increasing on average by 6%.

3. The tariffs for all other services which are increasing on average by 6%, as set out in the attached budget documentation as (**Annexure A**).
4. Council resolves that the budget related policies reflected and listed below are approved for the budget year 2016/17
 - Property Rates policy (Going to policy review workshop before 31 May 2016)
 - Budget Policy (Going to policy review workshop before 31 May 2016)
 - Tariff policy (Going to policy review workshop before 31 May 2016)
 - Indigence Policy (Going to policy review workshop before 31 May 2016)
 - Credit control and Debt collection
 - Cash Management and Investments policy (Going to policy review workshop before 31 May 2016)
 - Asset and Disposal Management policies
 - Funding and Reserve policy (Going to policy review workshop before 31 May 2016)
 - Debt and Borrowing policy (Going to policy review workshop before 31 May 2016)
 - Fleet Management policy (Going to policy review workshop before 31 May 2016)
 - Virements policy (Going to policy review workshop before 31 May 2016)
 - Petty Cash Policy (Going to policy review workshop before 31 May 2016)
 - Supply Chain Management policy
5. Council resolves that the filling of vacant/new posts be suspended until the business re-engineering processes has been finalised.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The Municipal Budget and Reporting Regulations, as well as various circulars issued by National Treasury, provides the guidance for budget preparation by local government.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process.

The Municipality has also embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. The municipality, however, acknowledges that there can never be too much information and involvement in its interaction with the public at large, and for that reason it is still identified as a major risk area.

National Treasury's MFMA Circulars No. 78 as well as the Strategic Workshops and IDP consultation processes, were mainly used to guide the compilation of the 2016/17 MTREF. Some of the key challenges faced by the municipality when compiling the budget were:

- The continued grant dependency of the municipality that is worsened by poor collection rate due to ongoing difficulties in the national and local economy;
- Infrastructure challenges such as aging roads and electricity infrastructure;
- The need to prioritise projects and expenditure within the existing resource envelope;
- The increased cost of electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Affordability of capital projects and the resultant operational costs associated with new infrastructure projects; and

The municipality's health position is quickly becoming unhealthy and as such needs to be stabilised and further strive to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality. Reserves have been slowly depleted over the last couple of year and the municipality must strive to re-establishing a Capital Replacing Reserve to fund future capital projects to help mitigate the over dependence on grants for funding capital projects.

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2016/17 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

EC136 Emalahleni (EC) - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Property rates	3 194	3 218	3 719	3 551	4 143	4 143	4 143	4 391	4 066	4 305
Service charges	14 914	21 381	11 180	16 015	11 530	11 530	11 530	12 903	13 857	14 665
Investment revenue	2 862	3 005	3 350	2 186	3 399	3 399	3 399	3 545	3 750	3 971
Transfers recognised - operational	85 415	98 441	112 881	143 753	145 427	145 427	145 427	130 689	132 734	132 354
Other own revenue	29 217	36 260	9 360	6 776	6 916	6 916	6 916	6 757	6 333	6 707
Total Revenue (excluding capital transfers and contributions)	135 602	162 305	140 489	172 282	171 416	171 416	171 416	158 285	160 740	162 003
Employee costs	43 685	47 295	42 783	59 207	54 768	54 768	54 768	61 381	68 702	72 755
Remuneration of councillors	9 101	9 812	10 104	10 739	10 896	10 896	10 896	11 728	12 900	13 662
Depreciation & asset impairment	21 451	31 703	31 314	24 503	24 432	24 432	24 432	25 003	25 935	27 466
Finance charges	642	690	787	730	500	500	500	850	837	886
Materials and bulk purchases	11 232	12 851	14 809	18 040	18 040	18 040	18 040	18 650	19 094	20 221
Transfers and grants	141	1 808	1 631	2 800	3 874	3 874	3 874	3 672	3 888	4 181
Other expenditure	67 484	91 675	80 963	86 484	90 704	90 704	90 704	67 995	63 414	67 155
Total Expenditure	153 737	195 833	182 391	202 502	203 213	203 213	203 213	189 278	194 770	206 326
Surplus/(Deficit)	(18 135)	(33 527)	(41 902)	(30 220)	(31 797)	(31 797)	(31 797)	(30 993)	(34 030)	(44 323)
Transfers recognised - capital	20 793	28 198	30 399	30 615	30 615	30 615	30 615	30 170	32 549	34 271
Contributions recognised - capital & contributed	—	—	346	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	2 658	(5 329)	(11 157)	394	(1 182)	(1 182)	(1 182)	(823)	(1 481)	(10 052)
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	2 658	(5 329)	(11 157)	394	(1 182)	(1 182)	(1 182)	(823)	(1 481)	(10 052)
Capital expenditure & funds sources										
Capital expenditure	17 070	37 101	38 585	42 515	49 948	49 948	49 948	38 970	32 549	34 271
Transfers recognised - capital	20 793	28 198	30 399	30 615	30 615	30 615	30 615	30 170	32 549	34 271
Public contributions & donations	—	1 312	—	—	—	—	—	—	—	—
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	(3 723)	7 591	8 186	11 900	19 333	19 333	19 333	8 800	—	—
Total sources of capital funds	17 070	37 101	38 585	42 515	49 948	49 948	49 948	38 970	32 549	34 271
Financial position										
Total current assets	66 482	70 496	55 816	32 608	44 694	44 694	44 694	37 173	47 330	57 260
Total non current assets	434 523	431 969	446 104	465 646	471 621	471 621	471 621	485 588	492 201	499 007
Total current liabilities	17 575	23 968	37 293	17 143	40 913	40 913	40 913	47 791	65 200	92 078
Total non current liabilities	8 318	8 954	6 241	9 997	5 816	5 816	5 816	6 929	8 266	8 676
Community wealth/Equity	475 112	469 543	458 385	471 114	469 586	469 586	469 586	467 540	466 059	456 007
Cash flows										
Net cash from (used) operating	24 657	35 396	18 153	29 769	34 600	34 600	34 600	15 062	15 355	9 414
Net cash from (used) investing	(17 070)	(37 101)	(36 956)	(42 515)	(49 537)	(49 537)	(49 537)	(39 912)	(32 924)	(34 013)
Net cash from (used) financing	(536)	(416)	(414)	(5)	(260)	(260)	(260)	(263)	—	—
Cash/cash equivalents at the year end	53 115	50 993	31 776	21 156	16 578	16 578	16 578	(8 534)	(26 103)	(50 702)
Cash backing/surplus reconciliation										
Cash and investments available	53 115	50 993	31 776	21 156	16 578	16 578	16 578	(8 534)	(26 103)	(50 702)
Application of cash and investments	5 320	12 448	16 569	(677)	9 095	9 095	9 095	(2 032)	(9 564)	(13 973)
Balance - surplus (shortfall)	47 795	38 545	15 208	21 833	7 484	7 484	7 484	(6 503)	(16 539)	(36 729)
Asset management										
Asset register summary (WDV)	434 523	431 969	446 104	465 646	471 621	471 621	485 588	485 588	492 201	499 007
Depreciation & asset impairment	21 451	31 703	31 314	24 503	24 432	24 432	25 003	25 003	25 935	27 466
Renewal of Existing Assets	—	—	—	—	—	—	—	—	—	—
Repairs and Maintenance	7 278	8 712	5 083	12 386	9 973	9 973	7 613	7 613	12 302	13 027
Free services										
Cost of Free Basic Services provided	—	—	—	2 100	3 174	3 174	3 174	3 174	2 938	3 147
Revenue cost of free services provided	1 225	899	—	433	433	459	460	460	462	463
Households below minimum service level										
Water:	21	21	—	—	—	—	—	—	—	—
Sanitation/sewage:	23	23	—	—	—	—	—	—	—	—
Energy:	—	—	—	—	—	—	—	—	—	—
Refuse:	29	29	29	29	29	29	29	29	29	29

Total operating revenue has decreased by 7.66 per cent for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. For the two outer years, operational revenue will increase by 1.55 and 0.79 per cent respectively.

Total operating expenditure for the 2016/17 financial year has been appropriated at R 189.278 million and translates into a budgeted deficit of R 30.993 million before capital transfers. When compared to the 2015/16 Adjustments Budget, operational expenditure has decreased by 6.86 per cent in the 2016/17 budget and increase by 2.9 and 5.93 for the two outer years of the MTREF. The operating surplus position in the 2016/17, after capital grant transfers, changes to a deficit position of R 1.481 million in the first outer year and further worsens in the second outer year to R 10.025 million. This projected deficit position is cause for great concern and calls for re-forecasting of these two outer years before the final budget.

The capital budget of R38.970 million for 2016/17 will show a decrease when compared to the 2015/16 Adjustment Budget. The reason for the decrease is the municipality is realising that its reserves are been exhausted and that it is not able to fund capital projects from own funds.

No borrowing for capital projects is planned at this time, but the municipality will have to strongly consider this option given the limited financial resources.

1.4 Operating Revenue Framework

For Emalahleni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality will also have to look to review and revamp its revenue enhancement strategy. The latter will assist the municipality to identify areas to improve its revenue collection. The municipality also reviews its revenue related policies annually with the objective of streamlining revenue collection and enhancement through its approved policies.

The inflation forecasts for the MTREF period is 6% for the budget year and on average 5.8 for the two outer years. The municipality's strives not exceed inflation in its annual tariff adjustments but external factors such as the Eskom increases that are beyond the control of the municipality hampers this goal.

The following table is a summary of the 2016/17MTREF (classified by main revenue source):

R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Property rates	3 194	3 218	3 719	3 551	4 143	4 143	4 143	4 391	4 066	4 305
Service charges	14 914	21 381	11 180	16 015	11 530	11 530	11 530	12 903	13 857	14 665
Investment revenue	2 862	3 005	3 350	2 186	3 399	3 399	3 399	3 545	3 750	3 971
Transfers recognised - operational	85 415	98 441	112 881	143 753	145 427	145 427	145 427	130 689	132 734	132 354
Other own revenue	29 217	36 260	9 360	6 776	6 916	6 916	6 916	6 757	6 333	6 707
Total Revenue (excluding capital transfers and contributions)	135 602	162 305	140 489	172 282	171 416	171 416	171 416	158 285	160 740	162 003

The percentage revenue from own sources increases minimally during the budget year. In the two outer years of the MTREF the increases in revenue is fairly consistent, except electricity which is projected to increase by much higher percentages due to the increases allowed by NERSA.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality, but operating grants forms the major funding source.

Details in this regard are contained below:

EC136 Emalahleni (EC) - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		3 194	3 218	3 719	3 984	4 576	4 576	4 576	4 824	4 498	4 738
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)					433	433	433	433	433	433	433
Net Property Rates		3 194	3 218	3 719	3 551	4 143	4 143	4 143	4 391	4 066	4 305
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		6 425	8 078	8 823	13 483	8 685	8 685	8 685	10 176	10 888	11 531
less Revenue Foregone (in excess of 50 kwh per indigent household per month)		762	30								
less Cost of Free Basis Services (50 kwh per indigent household per month)		—	—	—	1 300	1 950	1 950	1 950	2 100	2 300	2 500
Net Service charges - electricity revenue		5 662	8 048	8 823	13 483	8 685	8 685	8 685	10 176	10 888	11 531
Service charges - refuse revenue	6										
Total refuse removal revenue		2 888	3 014	2 357	3 333	4 069	4 069	4 069	3 566	3 816	4 041
Total landfill revenue		—	—	—	—	—	—	—	—	—	—
less Revenue Foregone (in excess of one removal a week to indigent households)		141	319								
less Cost of Free Basis Services (removed once a week to indigent households)		—	—	—	800	1 224	1 224	1 224	838	847	906
Net Service charges - refuse revenue		2 747	2 695	2 357	2 533	2 846	2 846	2 846	2 728	2 969	3 135
Other revenue											
Branding of Livestock				42	1	1	1	1	1	1	1
Building plans				20	2	22	22	22	2	2	2
Cemetery Fees				32	36	36	36	36	37	37	39
Connection Fees				53	82	159	159	159	87	93	99
Housing Admin Fees				—	70	70	70	70	74	77	82
Insurance Income				251	148	148	148	148	154	163	172
LGSETA				67	—	39	39	39	—	—	—
Pound Fees				12	49	33	33	33	50	53	57
Registrations				0	—	5	5	5	—	—	—
Sundry Income		21 434	27 135	1 035	76	130	130	130	74	80	84
Administration charges				1 961	—	—	—	—	—	—	—
Duplicate documents	3				4	—	—	—	4	4	5
Total 'Other' Revenue	1	21 434	27 135	3 474	467	643	643	643	484	511	541

Tariffs for indigent households are set out below:

1	Rates free of charge to the value based on market value of his property to the maximum of R60 000
2	50 kWh free electricity per month
3	Free refuse x 4 removal per month

Operating grants and transfers totals R130.689 million in the 2016/17 financial year and increases to R133.154 million by 2018/19. The unconditional Equitable Share Grant, that generally increases year on year, has decreased by R 2 million in 2016/17 and the Conditional MSIG grant has not been gazetted for the 2016/17 year.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

EC136 Emalahleni (EC) - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		82 270	94 165	108 978	142 953	142 953	142 953	129 886	130 901	132 354
Local Government Equitable Share		69 797	78 749	92 038	116 537	116 537	116 537	114 599	121 843	127 950
Municipal Infrastructure Grant (MIG) - Operating			880	1 989	1 611	1 611	1 611	1 588	1 713	1 804
Local Government Financial Management Grant (FMG)		1 379	1 650	1 800	1 875	1 875	1 875	2 010	2 345	2 600
Municipal Systems Improvement Grant (MSIG)		736	890	934	930	930	930	957	—	—
Integrated National Electrification Grant (INEP)		9 000	10 996	11 000	21 000	21 000	21 000	9 317	5 000	—
Extended Public Works Program (EPWP)		1 358	1 000	1 217	1 000	1 000	1 000	1 415	—	—
Other transfers/grants [insert description]		—	—	—	—	—	—	—	—	—
Provincial Government:		441	831	2 403	800	1 074	1 074	803	800	800
Library		441	831	803	800	1 074	1 074	803	800	800
Waste Management Grant				1 600						
LED				—						
District Municipality:		2 705	3 446	1 500	—	1 400	1 400	—	—	—
CHDM Paving and beautification				1 500		1 000	1 000	—	—	—
Greenest Municipality Grant						200	200	—	—	—
IT Support Grant						200	200	—	—	—
CHDM Other		2 705	3 446					—	—	—
Other grant providers:		—	—	—	—	—	—	—	—	—
[insert description]										
Total Operating Transfers and Grants	5	85 415	98 441	112 881	143 753	145 427	145 427	130 689	131 701	133 154

Revenue from capital transfers as indicated below is growing steadily in the MTREF period from R 30.170 million in 2016/17 to R34.271 million in 2018/19.

Capital Transfers and Grants										
National Government:		23 095	22 739	28 981	30 615	30 615	30 615	30 170	32 549	34 271
Municipal Infrastructure Grant (MIG)		23 095	22 739	28 981	30 615	30 615	30 615	30 170	32 549	34 271
Provincial Government:		–	–	–	–	–	–	–	–	–
Waste Management Grant										
District Municipality:		–	–	–	–	–	–	–	–	–
CHDM Food Program										
Other grant providers:		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	23 095	22 739	28 981	30 615	30 615	30 615	30 170	32 549	34 271

Total revenue per municipal vote, including capital transfers, is listed below:

EC136 Emalahleni (EC) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and Council		238	5 492	6 652	6 140	6 340	6 340	6 458	6 773	7 107
Vote 2 - Corporate Services		84	0	68	1	40	40	—	—	—
Vote 3 - Budget and Treasury		79 046	77 343	100 934	120 270	121 497	121 497	120 492	127 776	133 322
Vote 4 - Economic Development, Tourism and Agriculture		2 362	2 884	158	5	25	25	5	5	6
Vote 5 - Community and Social Services		8 272	14 698	8 469	6 274	75 203	75 203	7 221	7 372	6 959
Vote 6 - Infrastructure Development and Housing Services		66 392	90 086	54 954	71 007	150	150	55 118	52 209	49 786
Total Revenue by Vote	2	156 394	190 504	171 234	203 697	203 254	203 254	189 294	194 136	197 180

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently but there are always situations where there are defaults on payment. The contribution for bad debt is increasing from R 2.3 million in 2015/16 to R 2.526 million in 2016/17 financial year.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on different households.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to about 6% average, including electricity adjustments.

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

EC136 Emalahleni (EC) - Supporting Table SA14 Household bills

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		396.67	420.00	445.96	478.33	478.33	468.08	6.0%	496.63	525.17	553.71
Electricity: Basic levy		1.09	54.50	—	—	—	—				
Electricity: Consumption		1 024.70	1 090.00	740.00	830.00	830.00	830.00	8.0%	896.40	948.39	1 003.40
Water: Basic levy		37.02	39.24	—	—	—	—				
Water: Consumption		117.60	432.30	—	—	—	—				
Sanitation		68.75	72.88	—	—	—	—				
Refuse removal		62.55	65.93	66.30	70.55	70.55	70.55	6.0%	74.78	79.12	83.71
Other											
sub-total		1 708.38	2 174.85	1 252.26	1 378.88	1 378.88	1 368.63	6.4%	1 467.81	1 552.68	1 640.82
VAT on Services		161.09	215.51	99.02	110.59	110.59	110.59	0.02	119.27	126.19	133.50
Total large household bill:		1 869.46	2 390.36	1 351.28	1 489.48	1 489.48	1 479.23	6.6%	1 587.08	1 678.86	1 774.32
% increase/-decrease			27.9%	(43.5%)	10.2%	—	(0.7%)		7.3%	5.8%	5.7%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		283.33	300.00	318.54	341.67	341.67	331.42	6.1%	351.63	372.02	393.60
Electricity: Basic levy		81.00	54.50	—	—	—	—				
Electricity: Consumption		512.35	545.00	370.00	415.00	415.00	415.00	8.0%	448.20	474.20	501.70
Water: Basic levy		34.93	37.02	—	—	—	—				
Water: Consumption		98.00	360.25	—	—	—	—				
Sanitation		65.23	68.75	—	—	—	—				
Refuse removal		59.35	62.55	66.30	70.55	70.55	70.55	6.0%	74.78	79.12	83.71
Other											
sub-total		1 134.19	1 428.07	754.84	827.22	827.22	816.97	5.7%	874.61	925.34	979.00
VAT on Services		104.49	138.53	53.58	59.63	59.63	59.63	0.02	64.23	67.95	71.89
Total small household bill:		1 238.68	1 566.60	808.42	886.85	886.85	876.60	5.9%	938.83	993.29	1 050.90
% increase/-decrease			26.5%	(48.4%)	9.7%	—	(1.2%)		7.1%	5.8%	5.8%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		170.00	180.00	181.57	205.00	205.00	194.75	6.1%	206.63	218.61	230.15
Electricity: Basic levy		81.00	270.00	—	—	—	—				
Electricity: Consumption		358.65	381.50	259.00	290.50	290.50	290.50	8.0%	313.74	331.94	351.19
Water: Basic levy		34.93	37.02	—	—	—	—				
Water: Consumption		78.40	201.74	—	—	—	—				
Sanitation		65.23	68.75	—	—	—	—				
Refuse removal		59.35	62.55	66.30	70.55	70.55	70.55	6.0%	74.78	79.12	83.71
Other											
sub-total		847.56	1 201.56	506.87	566.05	566.05	555.80	5.1%	595.15	629.67	665.05
VAT on Services		83.21	125.45	39.95	44.34	44.34	44.34	0.02	47.71	50.48	53.41
Total small household bill:		930.76	1 327.01	546.82	610.39	610.39	600.14	5.3%	642.86	680.15	718.46
% increase/-decrease			42.6%	(58.8%)	11.6%	—	(1.7%)		7.1%	5.8%	5.6%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- Guidance provided by National Treasury in Circulars 78;
- Balanced budget constraint (operating expenditure should not exceed operating Revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit; Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
 - The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
 - Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Limitation on tariff increases.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure By Type											
Employee related costs	2	43 685	47 295	42 783	59 207	54 768	54 768	54 768	61 381	68 702	72 755
Remuneration of councillors		9 101	9 812	10 104	10 739	10 896	10 896	10 896	11 728	12 900	13 662
Debt impairment	3	9 539	19 245	13 567	1 300	2 300	2 300	2 300	2 526	1 376	1 457
Depreciation & asset impairment	2	21 451	31 703	31 314	24 503	24 432	24 432	24 432	25 003	25 935	27 466
Finance charges		642	690	787	730	500	500	500	850	837	886
Bulk purchases	2	11 232	12 851	14 809	18 040	18 040	18 040	18 040	18 650	19 094	20 221
Other materials	8										
Contracted services		2 713	3 994	5 564	4 327	3 980	3 980	3 980	3 956	4 437	4 699
Transfers and grants		141	1 808	1 631	2 800	3 874	3 874	3 874	3 672	3 888	4 181
Other expenditure	4, 5	52 488	60 017	60 085	80 857	84 424	84 424	84 424	61 513	57 601	60 999
Loss on disposal of PPE		2 744	8 419	1 747							
Total Expenditure		153 737	195 833	182 391	202 502	203 213	203 213	203 213	189 278	194 770	206 326

The budgeted allocation for employee related costs for the 2016/17 financial year totals R 61.381 million, which equals 32.4 per cent of the total operating expenditure. This percentage increases to 35% in the outer years of the MTREF period. Should electricity bulk purchases and depreciation be excluded, in order to compare it with other municipalities on a more equal basis, the costs represent 42 per cent of the expenditure and increase to 45% in the outer years. Based on the guidance provided by National Treasury in Circular 58 and in the absence on a new collective agreement on increases, salary increases have been factored into this budget at a percentage increase of 10 per cent (including the notch increases of 2.5 %) for the 2016/17 financial year. An annual increase of 10% has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public

Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 48% and the Debt Write-off Policy of the Municipality. For the 2016/17 financial year this amount equates to R 2.562 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R 25 million for the 2016/17 financial and equates to 13 per cent of the total operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Electricity bulk purchases represent 9.85 per cent of expenditure and increase to 10 per cent in the outer years.

Main operational expenditure categories for the 2016/17 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset management policy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, National Treasury requires municipalities to adapt their costing systems to reflect these costs as Repairs and Maintenance. The municipality financial systems, as yet, cannot provide for this request and it will be implemented in future budgets.

During the compilation of the 2016/17 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, the municipality identified this, together with other strategic items, as priority to be investigated and changes to be incorporated into the next budget, if not already to the 2015/2016 Adjustments Budget. The table below provides a breakdown of the repairs and maintenance in relation to asset class:

EC136 Emalahleni (EC) - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		5 226	4 980	1 907	8 128	5 828	5 828	3 600	8 603	9 110
Infrastructure - Road transport		1 106	1 190	1 569	4 118	3 448	3 448	2 200	4 359	4 616
<i>Roads, Pavements & Bridges</i>		883	940	1 245	3 725	3 125	3 125	2 000	3 943	4 175
<i>Storm water</i>		223	250	324	393	323	323	200	416	441
Infrastructure - Electricity		647	1 056	338	4 009	2 379	2 379	1 400	4 244	4 494
<i>Generation</i>		—	—	—	—	—	—	—	—	—
<i>Transmission & Reticulation</i>		315	226	338	1 098	1 098	1 098	700	1 162	1 230
<i>Street Lighting</i>		332	830	—	2 912	1 282	1 282	700	3 082	3 264
Infrastructure - Water		2 386	2 702	—	—	—	—	—	—	—
<i>Reticulation</i>		2 386	2 702	—	—	—	—	—	—	—
Infrastructure - Sanitation		1 086	32	—	—	—	—	—	—	—
<i>Reticulation</i>		1 086	32	—	—	—	—	—	—	—
Community		86	110	715	100	175	175	750	185	196
Parks & gardens		—	13	235	—	68	68	380	72	76
Sportsfields & stadia		4	—	3	100	107	107	170	113	120
Cemeteries		82	97	478	—	0	0	200	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Buildings		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Housing development		—	—	—	—	—	—	—	—	—
Other assets		1 966	3 622	2 461	4 159	3 971	3 971	3 263	3 514	3 721
<i>General vehicles</i>		1 042	772	800	2 422	1 651	1 651	1 570	2 342	2 480
<i>Specialised vehicles</i>	10	—	—	—	—	—	—	—	—	—
<i>Plant & equipment</i>		127	2 483	46	1 097	839	839	633	532	563
<i>Computers - hardware/equipment</i>		2	—	—	—	—	—	—	—	—
<i>Furniture and other office equipment</i>		78	95	65	56	70	70	—	17	18
<i>Civic Land and Buildings</i>		716	272	1 549	583	1 411	1 411	1 060	623	660
Agricultural assets		—	—	—	—	—	—	—	—	—
<i>List sub-class</i>		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
<i>List sub-class</i>		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
<i>Computers - software & programming</i>		—	—	—	—	—	—	—	—	—
<i>Other (list sub-class)</i>		—	—	—	—	—	—	—	—	—
Total Repairs and Maintenance Expenditure	1	7 277	8 712	5 083	12 386	9 973	9 973	7 613	12 302	13 027

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register all indigent households during the 2016/17 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained below. (Note that Water and Sanitation were transferred to CHDM from 1 July 2014)

The cost of the social package of the registered indigent households is financed by utilising the municipality's unconditional equitable share, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. The Transfer of grants as a result of free basic services totals R2.938 million in the budget year of 2016/17 and increasing to R 3.147 million and R3.406 million in the outer years.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

EC136 Emalahleni (EC) - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		–	–	–	–	–	–	–	2 500	–	–
Vote 2 - Corporate Services		–	–	–	–	1 682	–	–	–	–	–
Vote 3 - Budget and Treasury		–	–	–	–	638	–	–	–	–	–
Vote 4 - Economic Development, Tourism and Agriculture		–	–	–	–	10	–	–	–	–	–
Vote 5 - Community and Social Services		6 437	11 753	–	18 922	–	–	–	6 402	3 858	8 700
Vote 6 - Infrastructure Development and Housing Services		7 816	12 710	–	11 693	–	–	–	22 768	13 733	–
Capital multi-year expenditure sub-total	7	14 254	24 463	–	30 615	2 330	–	–	31 670	17 591	8 700
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		439	809	4 381	2 210	5 977	5 977	5 977	–	–	–
Vote 2 - Corporate Services		159	133	4 092	900	6 536	6 536	6 536	4 200	–	–
Vote 3 - Budget and Treasury		672	1 648	2 371	260	200	200	200	–	–	–
Vote 4 - Economic Development, Tourism and Agriculture		135	1 597	–	4 280	1 200	1 200	1 200	–	–	–
Vote 5 - Community and Social Services		1 154	682	20 201	2 750	14 266	14 266	14 266	2 000	–	25 571
Vote 6 - Infrastructure Development and Housing Services		258	7 770	7 541	1 500	19 440	19 440	19 440	1 100	14 958	–
Capital single-year expenditure sub-total		2 817	12 638	38 585	11 900	47 618	47 618	47 618	7 300	14 958	25 571
Total Capital Expenditure - Vote		17 070	37 101	38 585	42 515	49 948	47 618	47 618	38 970	32 549	34 271
Capital Expenditure - Standard											
Governance and administration		1 269	2 590	10 844	3 370	15 033	15 033	15 033	6 700	–	–
Executive and council		439	809	4 381	2 210	5 977	5 977	5 977	2 500	–	–
Budget and treasury office		672	1 648	2 371	260	838	838	838	–	–	–
Corporate services		159	133	4 092	900	8 218	8 218	8 218	4 200	–	–
Community and public safety		7 844	8 465	18 386	10 999	14 266	14 266	14 266	3 914	2 858	34 271
Community and social services		7 591	2 857	13 423	7 383	12 268	12 268	12 268	3 914	2 858	34 271
Sport and recreation		–	4 333	4 964	3 000	1 998	1 998	1 998	–	–	–
Public safety		253	1 275	–	616	–	–	–	–	–	–
Economic and environmental services		7 951	22 077	7 541	17 273	19 440	19 440	19 440	21 002	19 636	–
Planning and development		135	1 597	262	4 280	–	–	–	–	–	–
Road transport		7 816	20 480	7 279	12 993	19 440	19 440	19 440	21 002	19 636	–
Trading services		5	3 970	1 814	10 874	1 210	1 210	1 210	7 354	10 055	–
Electricity		–	–	–	–	–	–	–	2 865	9 055	–
Water		5	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	10	10	10	–	–	–
Waste management		–	3 970	1 814	10 874	1 200	1 200	1 200	4 488	1 000	–
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	3	17 070	37 101	38 585	42 515	49 948	49 948	49 948	38 970	32 549	34 271
Funded by:											
National Government		20 793	28 198	30 142	30 615	30 615	30 615	30 615	30 170	32 549	34 271
Provincial Government		–	–	257	–	–	–	–	–	–	–
Transfers recognised - capital	4	20 793	28 198	30 399	30 615	30 615	30 615	30 615	30 170	32 549	34 271
Public contributions & donations	5	–	1 312	–	–	–	–	–	–	–	–
Internally generated funds		(3 723)	7 591	8 186	11 900	19 333	19 333	19 333	8 800	–	–
Total Capital Funding	7	17 070	37 101	38 585	42 515	49 948	49 948	49 948	38 970	32 549	34 271

The following table provides more information on the breakdown of the capital budget and the related maintenance of assets.

EC136 Emalahleni (EC) - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		7 749	15 733	6 520	12 893	19 440	19 440	23 868	28 691	-
Infrastructure - Road transport		7 749	14 541	6 520	12 893	19 440	19 440	21 002	19 636	-
Roads, Pavements & Bridges		7 749	14 541	6 520	12 893	19 440	19 440	21 002	19 636	-
Infrastructure - Electricity		-	-	-	-	-	-	2 865	9 055	-
Transmission & Reticulation		-	-	-	-	-	-	100	-	-
Street Lighting		-	-	-	-	-	-	2 765	9 055	-
Infrastructure - Other		-	1 192	-	-	-	-	-	-	-
Other	3	-	1 192	-	-	-	-	-	-	-
Community		5 864	6 924	17 654	9 383	7 981	7 981	2 173	1 100	13 501
Parks & gardens		-	281	42	900	500	500	1 373	1 100	-
Sportsfields & stadia		4 902	4 333	4 964	3 000	1 998	1 998	-	-	13 501
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	1 244	10 165	4 632	4 632	4 632	-	-	-
Recreational facilities		54	-	-	-	-	-	-	-	-
Cemeteries		907	135	2 483	550	550	550	500	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	931	-	300	300	300	300	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other assets		1 952	14 444	14 281	20 240	22 528	22 528	12 930	2 758	20 771
General vehicles		256	1 112	3 800	3 800	800	800	1 000	-	-
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
IT & equipment		260	6 135	3	500	6 700	6 700	3 000	-	-
Computers - hardware/equipment		516	592	432	480	1 052	1 052	350	-	-
Furniture and other office equipment		321	444	910	330	1 054	1 054	1 050	-	-
Civic Land and Buildings		599	6 161	-	13 730	11 522	11 522	6 488	1 000	17 971
Other Buildings		-	-	8 458	-	-	-	-	-	-
Other		-	-	678	1 400	1 400	1 400	1 041	1 758	2 800
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		126	-	70	-	-	-	-	-	-
Computers - software & programming		126	-	70	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	15 691	37 101	38 526	42 515	49 948	49 948	38 970	32 549	34 271

1.6.1 Future operational cost of new infrastructure

This table shows that future operational costs associated with the capital programme totals R 189.278 million in 2016/17 and escalates to R 245.043 million by 2021/22.

EC136 Emalahleni (EC) - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
R thousand								
Capital expenditure	1							
Vote 1 - Executive and Council		2 500	—	—	—	—	—	2 500
Vote 2 - Corporate Services		4 200	—	—	—	—	—	4 200
Vote 3 - Budget and Treasury		—	—	—	—	—	—	—
Vote 4 - Economic Development, Tourism and Agriculture		—	—	—	—	—	—	—
Vote 5 - Community and Social Services		8 402	3 858	34 271	36 293	38 435	40 702	8 402
Vote 6 - Infrastructure Development and Housing Services		23 868	28 691	—	—	—	—	23 868
<i>List entity summary if applicable</i>								
Total Capital Expenditure		38 970	32 549	34 271	36 293	38 435	40 702	38 970
Future operational costs by vote	2							
Vote 1 - Executive and Council		31 328	33 863	35 861	37 977	40 218	42 591	31 328
Vote 2 - Corporate Services		18 197	19 650	20 809	22 037	23 337	24 714	18 197
Vote 3 - Budget and Treasury		32 736	34 383	36 476	38 628	40 907	43 321	32 736
Vote 4 - Economic Development, Tourism and Agriculture		5 630	6 989	7 402	7 838	8 301	8 790	5 630
Vote 5 - Community and Social Services		26 787	24 541	25 988	27 522	29 146	30 865	26 787
Vote 6 - Infrastructure Development and Housing Services		74 601	75 344	79 790	84 497	89 482	94 762	74 601
<i>List entity summary if applicable</i>								
Total future operational costs		189 278	194 770	206 326	218 499	231 391	245 043	189 278
Future revenue by source	3							
Property rates		4 391	4 066	4 305	4 559	4 828	5 113	4 391
Service charges - electricity revenue		10 176	10 888	11 531	12 211	12 931	13 694	10 176
Service charges - refuse revenue		2 728	2 969	3 135	3 320	3 515	3 723	2 728
Fee of facilities and equipment		797	1 036	1 097	1 162	1 231	1 303	797
Interest earned - external investments		3 545	3 750	3 971	4 206	4 454	4 717	3 545
Interest earned - outstanding debtors		3 466	2 895	3 066	3 247	3 438	3 641	3 466
Fines		123	—	—	—	—	—	123
Licences and permits		542	542	574	608	644	682	542
Agency services		1 345	1 349	1 429	1 513	1 602	1 697	1 345
Transfers recognised - operational		130 689	132 734	132 354	140 163	148 432	157 190	130 689
Other revenue		484	511	541	573	607	642	484
Total future revenue		25 103	25 604	27 105	28 704	30 398	32 191	25 103
Net Financial Implications		203 146	201 715	213 492	226 088	239 427	253 554	203 146

1.7 Annual Budget Tables

(The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF to be approved by the Council. *Explanatory notes accompanies the tables*)

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

EC136 Emalahleni (EC) - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
<u>Financial Performance</u>										
Property rates	3 194	3 218	3 719	3 551	4 143	4 143	4 143	4 391	4 066	4 305
Service charges	14 914	21 381	11 180	16 015	11 530	11 530	11 530	12 903	13 857	14 665
Investment revenue	2 862	3 005	3 350	2 186	3 399	3 399	3 399	3 545	3 750	3 971
Transfers recognised - operational	85 415	98 441	112 881	143 753	145 427	145 427	145 427	130 689	132 734	132 354
Other own revenue	29 217	36 260	9 360	6 776	6 916	6 916	6 916	6 757	6 333	6 707
Total Revenue (excluding capital transfers and contributions)	135 602	162 305	140 489	172 282	171 416	171 416	171 416	158 285	160 740	162 003
Employee costs	43 685	47 295	42 783	59 207	54 768	54 768	54 768	61 381	68 702	72 755
Remuneration of councillors	9 101	9 812	10 104	10 739	10 896	10 896	10 896	11 728	12 900	13 662
Depreciation & asset impairment	21 451	31 703	31 314	24 503	24 432	24 432	24 432	25 003	25 935	27 466
Finance charges	642	690	787	730	500	500	500	850	837	886
Materials and bulk purchases	11 232	12 851	14 809	18 040	18 040	18 040	18 040	18 650	19 094	20 221
Transfers and grants	141	1 808	1 631	2 800	3 874	3 874	3 874	3 672	3 888	4 181
Other expenditure	67 484	91 675	80 963	86 484	90 704	90 704	90 704	67 995	63 414	67 155
Total Expenditure	153 737	195 833	182 391	202 502	203 213	203 213	203 213	189 278	194 770	206 326
Surplus/(Deficit)	(18 135)	(33 527)	(41 902)	(30 220)	(31 797)	(31 797)	(31 797)	(30 993)	(34 030)	(44 323)
Transfers recognised - capital	20 793	28 198	30 399	30 615	30 615	30 615	30 615	30 170	32 549	34 271
Contributions recognised - capital & contributed	—	—	346	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	2 658	(5 329)	(11 157)	394	(1 182)	(1 182)	(1 182)	(823)	(1 481)	(10 052)
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	2 658	(5 329)	(11 157)	394	(1 182)	(1 182)	(1 182)	(823)	(1 481)	(10 052)
<u>Capital expenditure & funds sources</u>										
Capital expenditure	17 070	37 101	38 585	42 515	49 948	49 948	49 948	38 970	32 549	34 271
Transfers recognised - capital	20 793	28 198	30 399	30 615	30 615	30 615	30 615	30 170	32 549	34 271
Public contributions & donations	—	1 312	—	—	—	—	—	—	—	—
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	(3 723)	7 591	8 186	11 900	19 333	19 333	19 333	8 800	—	—
Total sources of capital funds	17 070	37 101	38 585	42 515	49 948	49 948	49 948	38 970	32 549	34 271
<u>Financial position</u>										
Total current assets	66 482	70 496	55 816	32 608	44 694	44 694	44 694	37 173	47 330	57 260
Total non current assets	434 523	431 969	446 104	465 646	471 621	471 621	471 621	485 588	492 201	499 007
Total current liabilities	17 575	23 968	37 293	17 143	40 913	40 913	40 913	47 791	65 200	92 078
Total non current liabilities	8 318	8 954	6 241	9 997	5 816	5 816	5 816	6 929	8 266	8 676
Community wealth/Equity	475 112	469 543	458 385	471 114	469 586	469 586	469 586	467 540	466 059	456 007
<u>Cash flows</u>										
Net cash from (used) operating	24 657	35 396	18 153	29 769	34 600	34 600	34 600	15 062	15 355	9 414
Net cash from (used) investing	(17 070)	(37 101)	(36 956)	(42 515)	(49 537)	(49 537)	(49 537)	(39 912)	(32 924)	(34 013)
Net cash from (used) financing	(536)	(416)	(414)	(5)	(260)	(260)	(260)	(263)	—	—
Cash/cash equivalents at the year end	53 115	50 993	31 776	21 156	16 578	16 578	16 578	(8 534)	(26 103)	(50 702)
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	53 115	50 993	31 776	21 156	16 578	16 578	16 578	(8 534)	(26 103)	(50 702)
Application of cash and investments	5 320	12 448	16 569	(677)	9 095	9 095	9 095	(2 032)	(9 564)	(13 973)
Balance - surplus (shortfall)	47 795	38 545	15 208	21 833	7 484	7 484	7 484	(6 503)	(16 539)	(36 729)
<u>Asset management</u>										
Asset register summary (WDV)	434 523	431 969	446 104	465 646	471 621	471 621	485 588	485 588	492 201	499 007
Depreciation & asset impairment	21 451	31 703	31 314	24 503	24 432	24 432	25 003	25 003	25 935	27 466
Renewal of Existing Assets	—	—	—	—	—	—	—	—	—	—
Repairs and Maintenance	7 278	8 712	5 083	12 386	9 973	9 973	7 613	7 613	12 302	13 027
<u>Free services</u>										
Cost of Free Basic Services provided	—	—	—	2 100	3 174	3 174	3 174	3 174	2 938	3 147
Revenue cost of free services provided	1 225	899	—	433	433	459	460	460	462	463
<u>Households below minimum service level</u>										
Water:	21	21	—	—	—	—	—	—	—	—
Sanitation/sewage:	23	23	—	—	—	—	—	—	—	—
Energy:	—	—	—	—	—	—	—	—	—	—
Refuse:	29	29	29	29	29	29	29	29	29	29

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. There is no provision for any borrowing in the cash flows;
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

EC136 Emalahleni (EC) - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		82 112	91 254	107 654	126 411	128 987	128 987	126 950	134 549	140 429
Executive and council		238	5 492	6 652	6 140	6 340	6 340	6 458	6 773	7 107
Budget and treasury office		81 790	85 762	100 934	120 270	122 607	122 607	120 492	127 776	133 322
Corporate services		84	0	68	1	40	40	—	—	—
<i>Community and public safety</i>		1 078	1 469	2 060	1 693	2 147	2 147	1 751	1 800	1 059
Community and social services		997	1 421	2 055	1 331	2 023	2 023	1 678	1 723	977
Public safety		80	12	5	291	53	53	—	—	—
Housing		—	37	—	70	70	70	74	77	82
<i>Economic and environmental services</i>		25 000	35 174	34 997	36 227	35 196	35 196	35 165	36 132	38 055
Planning and development		2 362	2 884	158	5	25	25	5	5	6
Road transport		22 638	32 290	34 839	36 221	35 171	35 171	35 161	36 126	38 049
<i>Trading services</i>		48 016	62 378	26 524	39 160	36 894	36 894	25 400	21 428	17 397
Electricity		14 824	19 273	20 110	34 424	30 132	30 132	19 883	16 006	11 655
Water		19 496	29 266	—	—	—	—	—	—	—
Waste water management		9 353	9 209	—	—	—	—	—	—	—
Waste management		4 343	4 630	6 414	4 736	6 763	6 763	5 517	5 422	5 742
<i>Other</i>	4	186	228	—	207	30	30	27	227	240
Total Revenue - Standard	2	156 392	190 504	171 234	203 697	203 254	203 254	189 294	194 136	197 180
Expenditure - Standard										
<i>Governance and administration</i>		52 154	67 488	71 817	81 992	84 131	84 131	82 261	87 896	93 146
Executive and council		20 610	24 341	25 999	34 389	34 146	34 146	31 328	33 863	35 861
Budget and treasury office		18 816	29 464	26 877	29 221	31 854	31 854	32 736	34 383	36 476
Corporate services		12 727	13 683	18 941	18 382	18 131	18 131	18 197	19 650	20 809
<i>Community and public safety</i>		21 020	21 995	14 554	20 387	21 380	21 380	19 967	18 037	19 101
Community and social services		7 652	18 583	12 171	14 557	16 887	16 887	16 507	15 500	16 414
Sport and recreation		865	667	939	1 153	1 154	1 154	1 329	1 240	1 313
Public safety		11 005	1 543	562	3 757	2 082	2 082	—	—	—
Housing		1 498	1 201	883	920	1 257	1 257	2 131	1 297	1 373
<i>Economic and environmental services</i>		34 210	35 739	41 276	50 161	47 523	47 523	44 363	48 277	51 125
Planning and development		8 095	8 081	7 343	6 514	5 950	5 950	5 630	6 989	7 402
Road transport		26 116	27 658	33 933	43 647	41 573	41 573	38 733	41 288	43 724
<i>Trading services</i>		46 009	70 228	54 744	49 516	49 794	49 794	42 153	40 078	42 443
Electricity		9 920	23 202	37 458	41 419	41 782	41 782	33 737	32 760	34 693
Water		21 097	29 409	—	—	—	—	—	—	—
Waste water management		9 341	11 862	—	—	—	—	—	—	—
Waste management		5 650	5 755	17 286	8 097	8 012	8 012	8 416	7 318	7 750
<i>Other</i>	4	344	382	—	447	384	384	534	483	511
Total Expenditure - Standard	3	153 737	195 833	182 391	202 502	203 213	203 213	189 278	194 770	206 326
Surplus/(Deficit) for the year		2 655	(5 329)	(11 157)	1 194	42	42	16	(634)	(9 146)

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4

EC136 Emalahleni (EC) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and Council		238	5 492	6 652	6 140	6 340	6 340	6 458	6 773	7 107
Vote 2 - Corporate Services		84	0	68	1	40	40	—	—	—
Vote 3 - Budget and Treasury		79 046	77 343	100 934	120 270	121 497	121 497	120 492	127 776	133 322
Vote 4 - Economic Development, Tourism and Agriculture		2 362	2 884	158	5	25	25	5	5	6
Vote 5 - Community and Social Services		8 272	14 698	8 469	6 274	75 203	75 203	7 221	7 372	6 959
Vote 6 - Infrastructure Development and Housing Services		66 392	90 086	54 954	71 007	150	150	55 118	52 209	49 786
Total Revenue by Vote	2	156 394	190 504	171 234	203 697	203 254	203 254	189 294	194 136	197 180
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		20 610	24 341	25 999	34 389	34 088	34 088	31 328	33 863	35 861
Vote 2 - Corporate Services		12 727	13 683	18 941	18 382	17 435	17 435	18 197	19 650	20 809
Vote 3 - Budget and Treasury		16 073	21 046	26 877	29 221	30 744	30 744	32 736	34 383	36 476
Vote 4 - Economic Development, Tourism and Agriculture		8 095	8 081	7 343	6 514	5 950	5 950	5 630	6 989	7 402
Vote 5 - Community and Social Services		17 255	33 807	30 395	24 253	114 836	114 836	26 787	24 541	25 988
Vote 6 - Infrastructure Development and Housing Services		78 977	94 875	72 836	89 743	160	160	74 601	75 344	79 790
Total Expenditure by Vote	2	153 737	195 833	182 391	202 502	203 213	203 213	189 278	194 770	206 326
Surplus/(Deficit) for the year	2	2 658	(5 329)	(11 157)	1 194	42	42	16	(634)	(9 146)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This table is the main driver of management- responsibility and performance in terms of the operating budget and also the benchmark against which any unauthorised expenditure will be measured.

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

EC136 Emalahleni (EC) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Revenue By Source											
Property rates	2	3 194	3 218	3 719	3 551	4 143	4 143	4 143	4 391	4 066	4 305
Property rates - penalties & collection charges							-	-			
Service charges - electricity revenue	2	5 662	8 048	8 823	13 483	8 685	8 685	8 685	10 176	10 888	11 531
Service charges - water revenue	2	2 895	6 931	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	3 610	3 707	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	2 747	2 695	2 357	2 533	2 846	2 846	2 846	2 728	2 969	3 135
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		897	731	721	633	733	733	733	797	1 036	1 097
Interest earned - external investments		2 862	3 005	3 350	2 186	3 399	3 399	3 399	3 545	3 750	3 971
Interest earned - outstanding debtors		6 439	7 834	3 930	2 681	4 114	4 114	4 114	3 466	2 895	3 066
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines	1	115	108	119	119	119	119	119	123	-	-
Licences and permits		353	383	462	1 532	822	822	822	542	542	574
Agency services		93	61	66	1 345	74	74	74	1 345	1 349	1 429
Transfers recognised - operational		85 415	98 441	112 881	143 753	145 427	145 427	145 427	130 689	132 734	132 354
Other revenue	2	21 434	27 135	3 474	467	643	643	643	484	511	541
Gains on disposal of PPE				600		410	410	410	-	-	-
Total Revenue (excluding capital transfers and contributions)		135 602	162 305	140 489	172 282	171 416	171 416	171 416	158 285	160 740	162 003
Expenditure By Type											
Employee related costs	2	43 685	47 295	42 783	59 207	54 768	54 768	54 768	61 381	68 702	72 755
Remuneration of councillors		9 101	9 812	10 104	10 739	10 896	10 896	10 896	11 728	12 900	13 662
Debt impairment	3	9 539	19 245	13 567	1 300	2 300	2 300	2 300	2 526	1 376	1 457
Depreciation & asset impairment	2	21 451	31 703	31 314	24 503	24 432	24 432	24 432	25 003	25 935	27 466
Finance charges		642	690	787	730	500	500	500	850	837	886
Bulk purchases	2	11 232	12 851	14 809	18 040	18 040	18 040	18 040	18 650	19 094	20 221
Other materials	8						-	-	-	-	-
Contracted services		2 713	3 994	5 564	4 327	3 980	3 980	3 980	3 956	4 437	4 699
Transfers and grants		141	1 808	1 631	2 800	3 874	3 874	3 874	3 672	3 888	4 181
Other expenditure	4, 5	52 488	60 017	60 085	80 857	84 424	84 424	84 424	61 513	57 601	60 999
Loss on disposal of PPE		2 744	8 419	1 747					-	-	-
Total Expenditure		153 737	195 833	182 391	202 502	203 213	203 213	203 213	189 278	194 770	206 326
Surplus/(Deficit)		(18 135)	(33 527)	(41 902)	(30 220)	(31 797)	(31 797)	(31 797)	(30 993)	(34 030)	(44 323)
Transfers recognised - capital		20 793	28 198	30 399	30 615	30 615	30 615	30 615	30 170	32 549	34 271
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets				346							
Surplus/(Deficit) after capital transfers & contributions		2 658	(5 329)	(11 157)	394	(1 182)	(1 182)	(1 182)	(823)	(1 481)	(10 052)
Taxation							-	-			
Surplus/(Deficit) after taxation		2 658	(5 329)	(11 157)	394	(1 182)	(1 182)	(1 182)	(823)	(1 481)	(10 052)
Attributable to minorities							-	-			
Surplus/(Deficit) attributable to municipality		2 658	(5 329)	(11 157)	394	(1 182)	(1 182)	(1 182)	(823)	(1 481)	(10 052)
Share of surplus/ (deficit) of associate	7						-	-			
Surplus/(Deficit) for the year		2 658	(5 329)	(11 157)	394	(1 182)	(1 182)	(1 182)	(823)	(1 481)	(10 052)

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**EC136 Emalahleni (EC) - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding**

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		—	—	—	—	—	—	—	2 500	—	—
Vote 2 - Corporate Services		—	—	—	—	1 682	—	—	—	—	—
Vote 3 - Budget and Treasury		—	—	—	—	638	—	—	—	—	—
Vote 4 - Economic Development, Tourism and Agriculture		—	—	—	—	10	—	—	—	—	—
Vote 5 - Community and Social Services		6 437	11 753	—	18 922	—	—	—	6 402	3 858	8 700
Vote 6 - Infrastructure Development and Housing Services		7 816	12 710	—	11 693	—	—	—	22 768	13 733	—
Capital multi-year expenditure sub-total	7	14 254	24 463	—	30 615	2 330	—	—	31 670	17 591	8 700
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		439	809	4 381	2 210	5 977	5 977	5 977	—	—	—
Vote 2 - Corporate Services		159	133	4 092	900	6 536	6 536	6 536	4 200	—	—
Vote 3 - Budget and Treasury		672	1 648	2 371	260	200	200	200	—	—	—
Vote 4 - Economic Development, Tourism and Agriculture		135	1 597	—	4 280	1 200	1 200	1 200	—	—	—
Vote 5 - Community and Social Services		1 154	682	20 201	2 750	14 266	14 266	14 266	2 000	—	25 571
Vote 6 - Infrastructure Development and Housing Services		258	7 770	7 541	1 500	19 440	19 440	19 440	1 100	14 958	—
Capital single-year expenditure sub-total		2 817	12 638	38 585	11 900	47 618	47 618	47 618	7 300	14 958	25 571
Total Capital Expenditure - Vote		17 070	37 101	38 585	42 515	49 948	47 618	47 618	38 970	32 549	34 271
Capital Expenditure - Standard											
Governance and administration		1 269	2 590	10 844	3 370	15 033	15 033	15 033	6 700	—	—
Executive and council		439	809	4 381	2 210	5 977	5 977	5 977	2 500	—	—
Budget and treasury office		672	1 648	2 371	260	838	838	838	—	—	—
Corporate services		159	133	4 092	900	8 218	8 218	8 218	4 200	—	—
Community and public safety		7 844	8 465	18 386	10 999	14 266	14 266	14 266	3 914	2 858	34 271
Community and social services		7 591	2 857	13 423	7 383	12 268	12 268	12 268	3 914	2 858	34 271
Sport and recreation		—	4 333	4 964	3 000	1 998	1 998	1 998	—	—	—
Public safety		253	1 275	—	616	—	—	—	—	—	—
Economic and environmental services		7 951	22 077	7 541	17 273	19 440	19 440	19 440	21 002	19 636	—
Planning and development		135	1 597	262	4 280	—	—	—	—	—	—
Road transport		7 816	20 480	7 279	12 993	19 440	19 440	19 440	21 002	19 636	—
Trading services		5	3 970	1 814	10 874	1 210	1 210	1 210	7 354	10 055	—
Electricity		—	—	—	—	—	—	—	2 865	9 055	—
Water		5	—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	10	10	10	—	—	—
Waste management		—	3 970	1 814	10 874	1 200	1 200	1 200	4 488	1 000	—
Other		—	—	—	—	—	—	—	—	—	—
Total Capital Expenditure - Standard	3	17 070	37 101	38 585	42 515	49 948	49 948	49 948	38 970	32 549	34 271
Funded by:											
National Government		20 793	28 198	30 142	30 615	30 615	30 615	30 615	30 170	32 549	34 271
Provincial Government		—	—	257	—	—	—	—	—	—	—
Transfers recognised - capital	4	20 793	28 198	30 399	30 615	30 615	30 615	30 615	30 170	32 549	34 271
Public contributions & donations	5	—	1 312	—	—	—	—	—	—	—	—
Internally generated funds		(3 723)	7 591	8 186	11 900	19 333	19 333	19 333	8 800	—	—
Total Capital Funding	7	17 070	37 101	38 585	42 515	49 948	49 948	49 948	38 970	32 549	34 271

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
3. The capital program is funded from national grants and transfers and internally generated funds from current and prior year surpluses and is listed above.

Table A6 -Budgeted Financial Position**EC136 Emalahleni (EC) - Table A6 Budgeted Financial Position**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Current assets											
Cash		53 120	9 379	3 213	577		–	–	–	–	–
Call investment deposits	1	–	41 614	28 563	20 579	16 578	16 578	16 578	–	–	–
Consumer debtors	1	10 360	16 264	21 885	5 437	25 831	25 831	25 831	34 738	44 743	54 522
Other debtors		2 603	2 620	2 155	5 365	2 285	2 285	2 285	2 435	2 586	2 739
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	400	619	–	650	–	–	–	–	–	–
Total current assets		66 482	70 496	55 816	32 608	44 694	44 694	44 694	37 173	47 330	57 260
Non current assets											
Long term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		14 201	8 394	6 433	8 394	6 434	6 434	6 434	6 434	6 434	6 434
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	420 067	423 192	439 281	457 164	464 901	464 901	464 901	478 868	485 481	492 287
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		255	259	207	88	104	104	104	104	104	104
Other non-current assets		–	124	183	–	183	183	183	183	183	183
Total non current assets		434 523	431 969	446 104	465 646	471 621	471 621	471 621	485 588	492 201	499 007
TOTAL ASSETS		501 005	502 465	501 920	498 254	516 315	516 315	516 315	522 761	539 531	556 267
LIABILITIES											
Current liabilities											
Bank overdraft	1	5	–	–	–	–	–	–	8 534	26 103	50 702
Borrowing	4	–	311	263	–	250	250	250	210	–	–
Consumer deposits		110	–	–	–	–	–	–	–	–	–
Trade and other payables	4	9 567	16 879	18 418	9 875	20 099	20 099	20 099	17 125	15 816	16 722
Provisions		7 894	6 778	18 612	7 268	20 564	20 564	20 564	21 922	23 281	24 654
Total current liabilities		17 575	23 968	37 293	17 143	40 913	40 913	40 913	47 791	65 200	92 078
Non current liabilities											
Borrowing		852	235	547	551	300	300	300	283	73	–
Provisions		7 466	8 719	5 694	9 446	5 516	5 516	5 516	6 645	8 193	8 676
Total non current liabilities		8 318	8 954	6 241	9 997	5 816	5 816	5 816	6 929	8 266	8 676
TOTAL LIABILITIES		25 893	32 922	43 534	27 140	46 729	46 729	46 729	54 720	73 466	100 754
NET ASSETS	5	475 112	469 543	458 385	471 114	469 586	469 586	469 586	468 041	466 065	455 513
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		475 112	469 543	458 385	471 114	469 586	469 586	469 586	467 540	466 059	456 007
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	475 112	469 543	458 385	471 114	469 586	469 586	469 586	467 540	466 059	456 007

Explanatory notes to Table A6 - Budgeted Financial Position

1. The Budgeted Financial Position is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. This table is supported by an extensive table of notes (SA3 which can be found on later in this report providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table A7 - Budgeted Cash Flow Statement**EC136 Emalahleni (EC) - Table A7 Budgeted Cash Flows**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		3 194	3 218	3 719	2 851	1 446	1 446	1 446	2 591	2 399	2 540
Service charges		14 914	11 063	(4 130)	18 787	4 843	4 843	4 843	7 310	8 206	8 681
Other revenue		5 339			4 095	2 392	2 392	2 392	2 494	2 402	2 544
Government - operating	1	85 415	98 441	112 881	143 753	145 427	145 427	145 427	130 689	132 734	132 354
Government - capital	1	23 095	22 739	28 981	30 615	30 615	30 615	30 615	30 170	32 549	34 271
Interest		9 301	6 500	7 280	4 867	7 513	7 513	7 513	5 590	5 458	5 780
Payments											
Suppliers and employees		(116 356)	(106 429)	(130 520)	(146 080)	(157 136)	(157 136)	(157 136)	(159 260)	(163 668)	(171 688)
Finance charges		(244)	(137)	(58)	(730)	(500)	(500)	(500)	(850)	(837)	(886)
Transfers and Grants	1	—			(28 390)	—	—	—	(3 672)	(3 888)	(4 181)
NET CASH FROM/(USED) OPERATING ACTIVITIES		24 657	35 396	18 153	29 769	34 600	34 600	34 600	15 062	15 355	9 414
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			—			410	410	410	—	—	—
Decrease (increase) in non-current debtors			—				—	—	—	—	—
Decrease (increase) other non-current receivables							—	—	—	—	—
Decrease (increase) in non-current investments							—	—	—	—	—
Payments											
Capital assets		(17 070)	(37 101)	(36 956)	(42 515)	(49 948)	(49 948)	(49 948)	(39 912)	(32 924)	(34 013)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(17 070)	(37 101)	(36 956)	(42 515)	(49 537)	(49 537)	(49 537)	(39 912)	(32 924)	(34 013)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans							—	—	—	—	—
Borrowing long term/refinancing							—	—	—	—	—
Increase (decrease) in consumer deposits		9	(110)				—	—	—	—	—
Payments											
Repayment of borrowing		(545)	(306)	(414)	(5)	(260)	(260)	(260)	(263)	—	—
NET CASH FROM/(USED) FINANCING ACTIVITIES		(536)	(416)	(414)	(5)	(260)	(260)	(260)	(263)	—	—
NET INCREASE/ (DECREASE) IN CASH HELD		7 051	(2 122)	(19 217)	(12 752)	(15 198)	(15 198)	(15 198)	(25 113)	(17 569)	(24 599)
Cash equivalents at the year begin:	2	46 064	53 115	50 993	33 908	31 776	31 776	31 776	16 578	(8 534)	(26 103)
Cash/cash equivalents at the year end:	2	53 115	50 993	31 776	21 156	16 578	16 578	16 578	(8 534)	(26 103)	(50 702)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget..
3. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents are in a deficit position of R 8.534 at end 2016/17 financial year and decrease to R 50.702 million by 2018/19.

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC136 Emalahleni (EC) - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available											
Cash/cash equivalents at the year end	1	53 115	50 993	31 776	21 156	16 578	16 578	16 578	(8 534)	(26 103)	(50 702)
Other current investments > 90 days		0	0	0	—	0	0	0	—	—	—
Non current assets - Investments	1	—	—	—	—	—	—	—	—	—	—
Cash and investments available:		53 115	50 993	31 776	21 156	16 578	16 578	16 578	(8 534)	(26 103)	(50 702)
Application of cash and investments											
Unspent conditional transfers		7 225	1 801	349	—	—	—	—	—	—	—
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2										
Other working capital requirements	3	(1 906)	10 646	16 220	(677)	9 095	9 095	9 095	(2 032)	(9 564)	(13 973)
Other provisions											
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		5 320	12 448	16 569	(677)	9 095	9 095	9 095	(2 032)	(9 564)	(13 973)
Surplus(shortfall)		47 795	38 545	15 208	21 833	7 484	7 484	7 484	(6 503)	(16 539)	(36 729)

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is not cash backed and thus not in compliance with the requirements of the MFMA.

Table A9 - Asset Management

EC136 Emalahleni (EC) - Table A9 Asset Management										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	17 070	37 101	38 585	42 515	49 948	49 948	38 970	32 549	34 271
Infrastructure - Road transport		7 749	14 541	6 520	12 893	19 440	19 440	21 002	19 636	–
Infrastructure - Electricity		–	–	–	–	–	–	2 865	9 055	–
Infrastructure		7 749	15 733	6 520	12 893	19 440	19 440	23 868	28 691	–
Community		5 864	6 924	17 654	9 383	7 981	7 981	2 173	1 100	13 501
Investment properties		–	–	1	–	–	–	–	–	–
Other assets	6	3 331	14 444	14 281	20 240	22 528	22 528	12 930	2 758	20 771
Intangibles		126	–	70	–	–	–	–	–	–
<u>Total Renewal of Existing Assets</u>	2	–	–	–	–	–	–	–	–	–
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community		–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
<u>Total Capital Expenditure</u>	4	–	–	–	–	–	–	–	–	–
Infrastructure - Road transport		7 749	14 541	6 520	12 893	19 440	19 440	21 002	19 636	–
Infrastructure - Electricity		–	–	–	–	–	–	2 865	9 055	–
Infrastructure		7 749	15 733	6 520	12 893	19 440	19 440	23 868	28 691	–
Community		5 864	6 924	17 654	9 383	7 981	7 981	2 173	1 100	13 501
Other assets		3 331	14 444	14 281	20 240	22 528	22 528	12 930	2 758	20 771
Intangibles		126	–	70	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	17 070	37 101	38 585	42 515	49 948	49 948	38 970	32 549	34 271
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	239 979	237 801	226 825	228 983	224 555	224 555	223 130	219 786	195 450
Infrastructure - Electricity		19 083	18 576	18 064	17 959	17 447	17 447	19 666	28 067	27 375
Infrastructure - Other		–	3 970	3 970	3 670	3 670	3 670	3 667	3 346	3 006
Infrastructure		259 061	260 347	248 859	250 612	245 672	245 672	246 462	251 199	225 831
Community		79 820	87 518	171 846	95 631	110 365	110 365	111 692	111 938	124 535
Heritage assets		–	124	183	124	183	183	183	183	183
Investment properties		14 201	8 394	6 433	8 394	6 434	6 434	6 434	6 434	6 434
Other assets		81 186	75 327	18 576	110 797	108 864	108 864	120 713	122 344	141 921
Intangibles		255	259	207	88	104	104	104	104	104
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	434 523	431 969	446 104	465 646	471 621	471 621	485 588	492 201	499 007
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		21 451	31 703	31 314	24 503	24 432	24 432	25 003	25 935	27 466
<u>Repairs and Maintenance by Asset Class</u>	3	7 278	8 712	5 083	12 386	9 973	9 973	7 613	12 302	13 027
Infrastructure - Road transport		1 106	1 190	1 569	4 118	3 448	3 448	2 200	4 359	4 616
Infrastructure - Electricity		647	1 056	338	4 009	2 379	2 379	1 400	4 244	4 494
Infrastructure - Water		2 386	2 702	–	–	–	–	–	–	–
Infrastructure - Sanitation		1 086	32	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		5 226	4 980	1 907	8 128	5 828	5 828	3 600	8 603	9 110
Community		86	110	715	100	175	175	750	185	196
Other assets	6, 7	1 966	3 622	2 461	4 159	3 971	3 971	3 263	3 514	3 721
TOTAL EXPENDITURE OTHER ITEMS		28 729	40 415	36 398	36 889	34 405	34 405	32 616	38 237	40 493

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.
3. An analysis between depreciation and operational repairs and maintenance over the MTREF is not yet possible until the municipality changes its financial systems to include all maintenance costs, also those incurred internally, to the maintenance votes. When implemented it will highlight the Municipality's maintenance backlog.

Table A10–Basic Service Delivery Measurement

EC136 Emalahleni (EC) - Table A10 Basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets	1									
Water:										
Piped water inside dwelling		10 772	10 772	—	—	—	—	—	—	—
Piped water inside yard (but not in dwelling)		8 870	8 870	—	—	—	—	—	—	—
Using public tap (at least min.service level)	2	22 810	22 810	—	—	—	—	—	—	—
Other water supply (at least min.service level)	4	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		42 452	42 452	—	—	—	—	—	—	—
Using public tap (< min.service level)	3	9 504	9 504	—	—	—	—	—	—	—
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply		11 406	11 406	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		20 910	20 910	—	—	—	—	—	—	—
Total number of households	5	63 362	63 362	—	—	—	—	—	—	—
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		7 476	7 476	—	—	—	—	—	—	—
Flush toilet (with septic tank)		888	888	—	—	—	—	—	—	—
Chemical toilet		4 942	4 942	—	—	—	—	—	—	—
Pit toilet (ventilated)		11 976	11 976	—	—	—	—	—	—	—
Other toilet provisions (> min.service level)		15 460	15 460	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		40 742	40 742	—	—	—	—	—	—	—
Bucket toilet		570	570	—	—	—	—	—	—	—
Other toilet provisions (< min.service level)		2 028	2 028	—	—	—	—	—	—	—
No toilet provisions		20 022	20 022	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		22 620	22 620	—	—	—	—	—	—	—
Total number of households	5	63 362	63 362	—	—	—	—	—	—	—
Energy:										
Electricity (at least min.service level)		—	—	—	—	—	—	—	—	—
Electricity - prepaid (min.service level)		3 253	3 253	3 253	3 253	3 253	3 253	3 253	3 253	3 253
<i>Minimum Service Level and Above sub-total</i>		3 253	3 253	3 253	3 253	3 253	3 253	3 253	3 253	3 253
Electricity (< min.service level)		—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—	—
Other energy sources		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—	—
Total number of households	5	3 253	3 253	3 253	3 253	3 253	3 253	3 253	3 253	3 253
Refuse:										
Removed at least once a week		2 630	2 630	2 630	2 630	2 630	2 630	2 630	2 630	2 630
<i>Minimum Service Level and Above sub-total</i>		2 630	2 630	2 630	2 630	2 630	2 630	2 630	2 630	2 630
Removed less frequently than once a week		158	158	158	158	158	158	158	158	158
Using communal refuse dump		539	539	539	539	539	539	539	539	539
Using own refuse dump		20 181	20 181	20 181	20 181	20 181	20 181	20 181	20 181	20 181
Other rubbish disposal		6 875	6 875	6 875	6 875	6 875	6 875	6 875	6 875	6 875
No rubbish disposal		1 299	1 299	1 299	1 299	1 299	1 299	1 299	1 299	1 299
<i>Below Minimum Service Level sub-total</i>		29 052	29 052	29 052	29 052	29 052	29 052	29 052	29 052	29 052
Total number of households	5	31 682	31 682	31 682	31 682	31 682	31 682	31 682	31 682	31 682
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free minimum level service)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed at least once a week)		—	—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per indigent household per month)		—	—	—	1 300	1 950	1 950	1 950	2 100	2 300
Refuse (removed once a week for indigent households)		—	—	—	800	1 224	1 224	1 224	838	847
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		—	—	—	—	—	—	—	—	—
Total cost of FBS provided		—	—	—	2 100	3 174	3 174	3 174	2 938	3 147
Highest level of free service provided per household										
Property rates (R value threshold)		6	6	6	6	6	6	6	6	6
Water (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		—	—	—	—	—	—	—	—	—
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		—	—	—	—	—	26	28	29	31
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		—	—	—	433	433	433	433	433	433
Water (in excess of 6 kilolitres per indigent household per month)		1	148	—	—	—	—	—	—	—
Sanitation (in excess of free sanitation service to indigent households)		321	402	—	—	—	—	—	—	—
Electricity/other energy (in excess of 50 kwh per indigent household per month)		762	30	—	—	—	—	—	—	—
Refuse (in excess of one removal a week for indigent households)		141	319	—	—	—	—	—	—	—
Municipal Housing - rental rebates		—	—	—	—	—	—	—	—	—
Housing - top structure subsidies		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Total revenue cost of subsidised services provided	6	1 225	899	—	433	433	459	460	462	463

Part 2 – Supporting Documentation

1.8 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.8.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2015) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule by 31 August 2015.

2015/2016 IDP AND BUDGET SCHEDULE OF KEY DEADLINES

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

Activity	Date	Custodian
June 2015		
Preparation of the draft SDBIP 2015/2016 and presentation to the Mayor for signature	12 th June 2015	Municipal Manager
Review the of the 2015/16 and compilation of the IDP/PMS Review Process Plans 2016/2017	22 June 2015	Municipal Manager
IDP/PMS and Budget Technical Steering Committee: Presentation and Alignment of the IDP, PMS and Budget review Process Plans with other municipal plans	22 June 2015	Municipal Manager
IDP/PMS and Budget Steering Committee/ Executive Committee - Presentation of the draft IDP/PMS and Budget Review Process Plan 2016 / 2017	25 June 2015	Mayor
Approval and Publication of the SDBIP 2015/2016	30 th June 2015	Mayor Municipal Manager
Presentation of the draft IDP and PMS Review Process Plan 2016 / 2017 to Council for approval	30 June 2015	Mayor
July 2015		
Preparation and finalization of the Annual Performance Report (Section 46) for the 2014/2015 financial year	03 rd July 2015	All Directors Municipal Manager
Advertisement and/or publication of the IDP/PMS Review and Budget Process Plan 2015 / 2016	July 2015	Municipal Manager
Submission of IDP/ PMS Review and Budget Process Plan to the district municipality and other spheres of government	July 2015	Municipal Manager
Inter-Governmental Relations meeting - Formal presentation of the approved IDP, Budget and SDBIP 2015/2016 to stakeholders	16 July 2015	Municipal Manager
Submission of Performance Information for purposes of the Annual Report	17 th July 2015	All Directors Municipal Manager
Preparation and Submission of signed performance agreements for Section 57 Managers to relevant stakeholders	31 July 2015	Municipal Manager
August 2015		
Preparation of the draft annual report 2013 / 2014	02 – 21 August 2015	Municipal Manager
IDP Rep Forum: Presentation of SDBIP and Process Plan	18 August 2015	Mayor
Submission of the draft annual report 2014/2015 with annual financial statements to the Audit / Performance Audit Committee for review	20 th August 2015	Chief Financial Officer Municipal Manager
Tabling of the unaudited Annual Report in Council for noting	31 August 2015	Mayor
Submit draft previous financial year Annual Report and evidence to internal and the Auditor General including annual financial statements and financial and non-financial information	31 August 2015	Municipal Manager Chief Financial Officer
Municipality submits annual report including final annual financial statements and annual performance report to Auditor General for Auditing purposes – due 31 August. Council to submit unaudited tabled annual report to MPAC for vetting and verification of Council's directive on service delivery and the	27 August 2015	Municipal Manager Chief Financial Officer and All Directors

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

Activity	Date	Custodian
committee to evaluate senior managers performance against agreement entered into		
September 2015		
IDP/BUDGET Steering Committee -	03 September 2015	Mayor
IDP/PMS and Budget Technical Committee – Presentation of the Situational Analysis under review (Situational analysis review phase commence)	10 September 2015	Municipal Manager
Auditor General audits the unaudited annual report and submit an audit report to the accounting officer of the municipality	October/November 2015	Municipal Manager
October 2015		
Submission of Performance reports and performance information of the first quarter	02 October 2015	All Directors
IDP/PMS and Budget Technical Steering Committee: presentation of the first quarterly performance analysis report	15 October 2015	Municipal Manager
Submission of the Performance Report of the institution to the Office of the Mayor	16 October 2015	Municipal Manager
Special Council Meeting: Annual Report and oversight report process for adoption to be used as input into public participating meetings for IDP Review process	28 October 2015	Mayor MPAC Chairperson
IDP Rep Forum Presentation quarter performance and Situational Analysis under review (Situational analysis review phase commence)	29 October 2015	Mayor
November 2015		
IDP/PMS and Budget Technical Steering Committee – presentation and discussion of the situational analysis. Launch of the second phase of the IDP (Review of the objectives and strategies commences); Preparation of the Audit Action Plan 2016/2017	04 November 2015	Municipal Manager Chief Financial Officer
Annual Report and oversight report process for adoption to be used as input into public participating meetings for IDP Review process	09 - 13 November 2015	Mayor
Oversight Committee finalises assessment on the annual report	10 th November 2015	Municipal Manager
Tabling of the audited annual report and financial statements to Council	20 th November 2015	Mayor
Annual Report is made available for inspection by the public	25 th November 2015	Mayor
IDP/PMS and Budget Representative Forum – Presentation of the audited annual report 2014/2015, draft reviewed situation analysis, objectives, strategies and indicators (IDP 2016/2017). Presentation of the 1 st quarterly performance (July to September 2015)	26 November 2015	Mayor

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

Activity	Date	Custodian
December 2015		
Logistical arrangements on the review of the mid-year performance reports, assessment of performance and review of the service delivery and budget implementation plans	01 – 04 December 2015	Municipal Manager
Budget Steering Committee	02 December 2015	Mayor
Council adopts Oversight report	15 th December 2015	Municipal Council
Oversight Report is available for inspection by the public	15 th December 2015	Municipal Manager
Oversight report is submitted to Auditor-General, Provincial Treasury and Department of Cooperative Government-EC	15 th December 2015	Mayor Municipal Manager
January 2016		
Submission of Performance reports and performance information – mid-year performance	08 January 2016	All Directors
IDP/PMS and Budget Technical Steering committee to present and discuss draft objectives and strategies. Launch of the third phase of the IDP (Discussions on the projects commences)	14 January 2016	Municipal Manager All Directorates
Strategic planning session to present updated situation analysis, refined objectives and strategies and draft projects. Presentation of the mid-year performance report; Review SDBIP 2015/2016, prepare draft SDBIP 2016 / 2017;	20 - 22 January 2016	Municipal Manager All Directors
Submission of the Mid-Year performance report 2015/2016 to the Mayor	25 January 2016	Municipal Manager
Presentation of reviewed SDBIP 2015/2016 to the Mayor for approval	29 January 2016	Municipal Manager
SPECIAL COUNCIL MEETING: Table in a council meeting, mid-year assessment report 2015 / 2016	29 January 2016	Municipal Manager, Mayor
February 2016		
Submission of mid-year performance reports to the Sector Departments (National / Provincial Treasury and the EC-CoGTA	05 February 2016	Municipal Manager
IDP Rep Forum – Presentation of the mid-year performance report, draft reviewed IDP objectives, strategies and indicators, Mid-Year Performance, Audit Outcome, allocations to be considered if necessary.	03 February 2016	Mayor
IDP/PMS and Budget Technical steering committee to discuss and finalize draft projects and submission of reviewed sector plans; draft adjustment budget	24 February 2016	Municipal Manager
SPECIAL COUNCIL MEETING: Table in a special council meeting the adjustments budget for mid-year	29 February 2016	Municipal Manager, Mayor
March 2016		
Presentation of draft Reviewed IDP 2016 / 2017 to IDP/PMS and Budget Technical committee and alignment of budget	15 March 2016	Municipal Manager
Budget Steering Committee meeting for presentation of Draft	15 March 2016	Mayor

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

Activity	Date	Custodian
IDP and Draft Budget		
Submission of draft directorate SDBIPs 2016 / 2017 for consolidation	17 March 2016	All Directors
IDP/PMS and Budget Steering Committee: Presentation of draft 1 st Draft IDP 2016/2017 (4 th Review); review progress	23 rd March 2016	Mayor
Inter-Governmental Relations – Consultation on the 1 st draft Reviewed IDP 2016 / 2017	24 March 2016	Municipal Manager
Special Council Meeting – Presentation of the 1st draft IDP 2016 / 2017 (4th Review)	31 March 2016	Mayor
April 2016		
IDP advertised for public comments, public meetings and consultation schedule	01 April 2016	Municipal Manager
Submission of adopted Draft IDP and budget to the Office of the Premiers, Provincial and National Treasury, District Municipality and the MEC for EC-CoGTA	07 April 2016	Municipal Manager
Submission of Performance reports and performance information of the third quarter	07 April 2016	All Directors
IDP, Budget and PMS Road shows	04 – 22 April 2016	Mayor
IDP Representative Forum– presentation on the final draft Reviewed IDP and Budget 2016 / 2017; and tariffs	22 April 2016	Mayor
May 2016		
IDP/PMS and Budget Technical Steering Committee to consider public comments and those from sector departments; presentation of performance reports for the 3 rd quarter	05 th May 2016	Municipal Manager
IGR Final Submission of inputs from Sector Departments	10 May 2016	Municipal Manager
IDP/PMS and Budget Steering Committee: Presentation of Final Draft IDP	12 May 2016	Mayor
IDP and Budget Workshop for Councillors and Traditional leaders on the final draft Reviewed IDP 2016 / 2017	26 May 2016	Municipal Manager
State of the Municipal Address: Reviewed IDP 2015/2016 & Budgets approved by Council	26 May 2016	Mayor
June 2016		
Submission of the approved Reviewed IDP and Budget 2016 / 2017 to the National, Provincial Treasury department, MEC for EC-CoGTA and the district municipality	10 June 2016	Municipal Manager
Budget Steering Committee presentation of the SDBIP for 2016/2017 Financial Year and Process Plan	15 June 2016	Mayor
IDP/ PMS and Budget Technical Steering Committee to finalize the service delivery and budget implementation plans for 2016 / 2017	22 June 2016	Mayor
Strategic planning session for the assessment of annual performance and development of the 5 year performance report of the institution and; development processes of the new 5 year strategic plan 2017 – 2022	27 - 29 June 2016	Municipal Manager
Special Council Meeting	30 June 2016	Mayor

There were some deviations from the key dates set out in the Budget Time Schedule tabled in Council.

1.8.2 IDP and Service Delivery and Budget Implementation Plan

This is the fifth review of the IDP as adopted by Council in March 2011 and again by the new Council in May 2012. It started in September 2013 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2016/17 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2015/16 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.8.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78 and 80 has been taken into consideration in the planning and prioritisation process.

1.9 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

2015/16 Financial Year	2016/17 MTREF
1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)	1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)
2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)	2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)
3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)	3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)
4. To have a transparent and performance driven organisation (KPA Good governance and public participation)	4. To have a transparent and performance driven organisation (KPA Good governance and public participation)
5. To implement good financial management (KA Financial management and viability)	5. To implement good financial management (KA Financial management and viability)

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. To have a transparent and performance driven organisation
2. To ensure that cost effective, appropriate and efficient services are delivered
3. To ensure that conditions are created which stimulate the growth of the local economy
4. To implement good financial management
5. To have an effective and efficient administration

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to

resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fifth revised IDP.

The 2016/17 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

EC136 Emalahleni (EC) - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

LC150 Enlalameni (LC7) - Supporting Table SA4 Reconciliation of Budget Strategic Objectives and Budget (Revenue)													
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Good Governance & Municipal transformation	To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.) To have a transparent and performance driven organisation (KPA Good governance and public participation)			322	5 492	6 721	6 141	6 380	6 380	6 458	6 773	7 107	
Financial Viability	To implement good financial management (KA Financial management and viability)			81 790	85 762	100 934	120 270	122 607	122 607	120 492	127 776	133 322	
Local Economic Development	To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)			3 548	4 533	2 213	1 543	2 078	2 078	1 710	1 955	1 223	
Service Delivery	To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)			70 735	94 716	61 368	75 743	72 189	72 189	60 634	57 631	55 528	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	156 394	190 504	171 234	203 697	203 254	203 254	189 294	194 136	197 180

MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

EC136 Emalahleni (EC) - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

EC - Enlargement (EC) - Supporting Table SAS Reconciliation of MDG Strategic Objectives and Budget (Operating expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Good Governance & Municipal transformation	To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.) To have a transparent and performance driven organisation (KPA Good governance and public participation)			33 337	38 024	44 939	52 771	52 278	52 278	49 525	53 513	56 670	
Financial Viability	To implement good financial management (KA Financial management and viability)			18 816	29 464	26 877	29 221	31 854	31 854	32 736	34 383	36 476	
Local Economic Development	To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)			16 612	27 331	20 453	22 670	24 374	24 374	24 000	24 212	25 640	
Service Delivery	To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)			84 971	101 013	90 122	97 840	94 707	94 707	83 017	82 662	87 539	
Allocations to other priorities													
Total Expenditure				1	153 737	195 833	182 391	202 502	203 213	203 213	189 278	194 770	206 326

MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

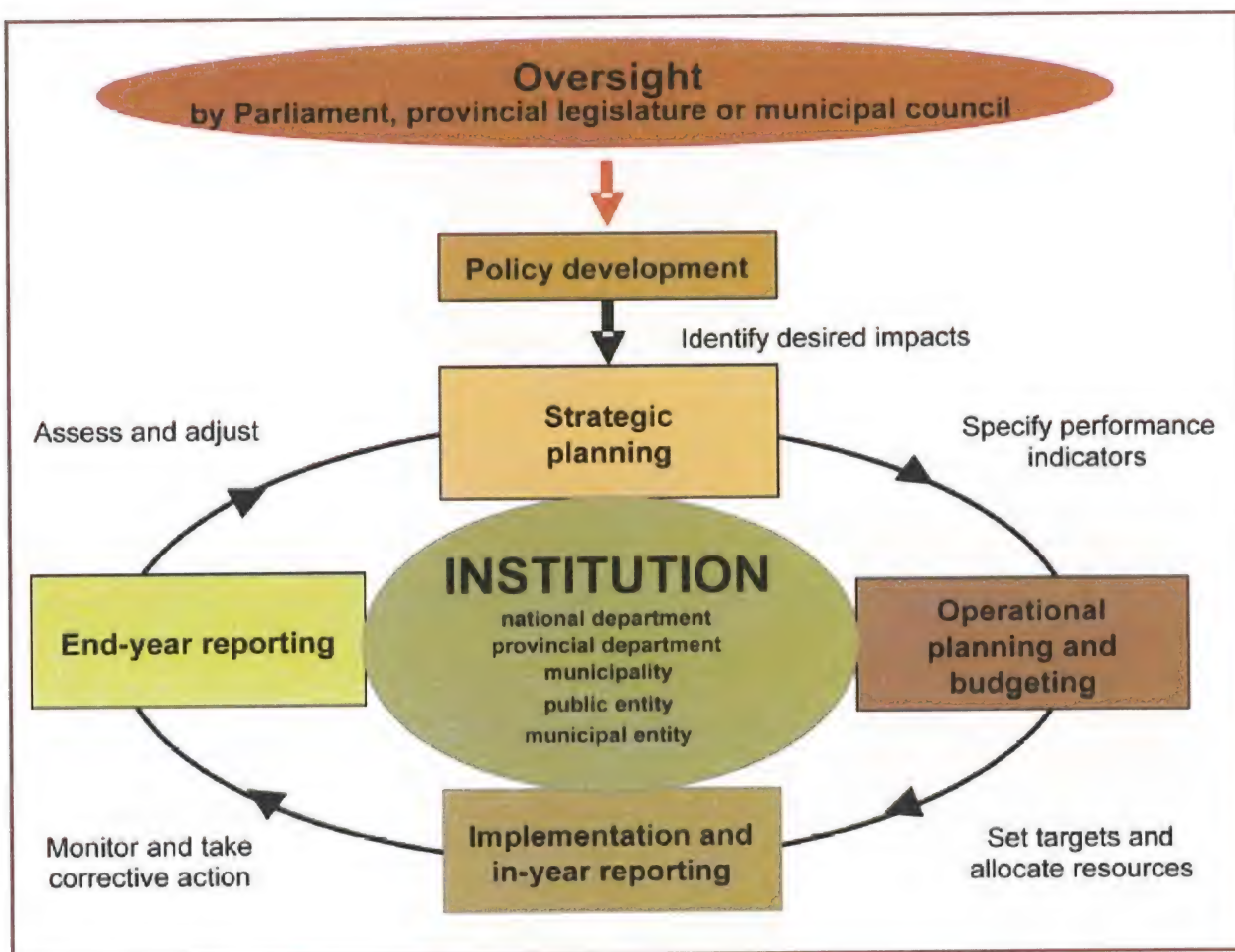
EC136 Emalahleni (EC) - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Good Governance & Municipal transformation	To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.) To have a transparent and performance driven organisation (KPA Good governance and public participation)	A		597	942	8 473	3 110	14 195	14 195	6 700	–	–
Financial Viability	To implement good financial management (KA Financial management and viability)	B C		672	1 648	2 371	260	838	838	–	–	–
Local Economic Development	To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)	D E		7 727	8 787	18 648	14 663	14 266	14 266	3 914	2 858	34 271
Service Delivery	To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)	F										
		G		8 074	25 725	9 093	24 483	20 650	20 650	28 356	29 691	–
Allocations to other priorities			3									
Total Capital Expenditure			1	17 070	37 101	38 585	42 515	49 948	49 948	38 970	32 549	34 271

1.10 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

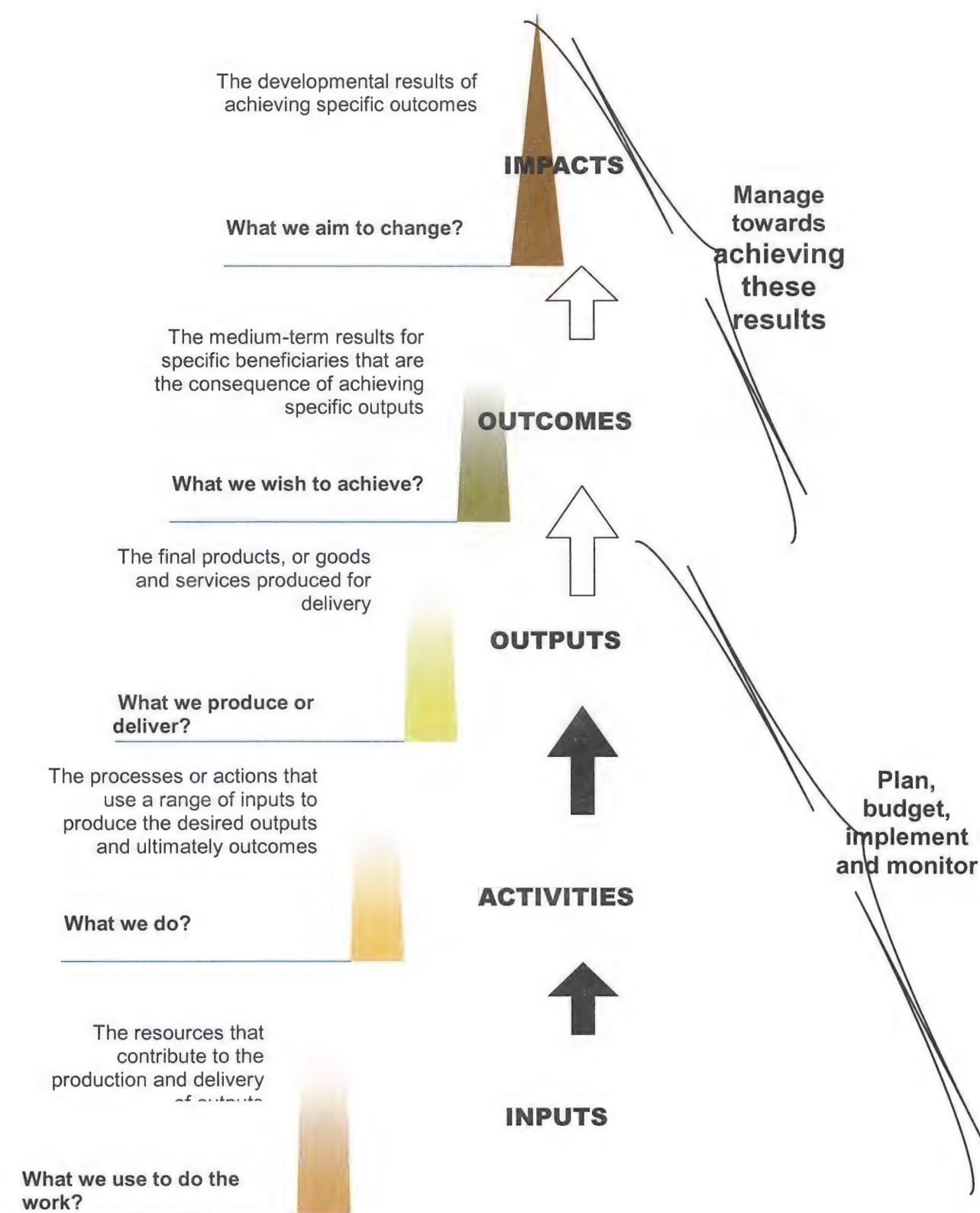
At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

MBRR Table SA7 - Measurable performance objectives

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF.

MBRR Table SA8 - Performance indicators and benchmarks**EC136 Emalahleni (EC) - Supporting Table SA8 Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>											
Credit Rating		0.008	0.005								
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.8%	0.5%	0.7%	0.4%	0.4%	0.4%	0.4%	0.6%	0.4%	0.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.4%	1.6%	4.3%	2.5%	2.8%	2.8%	2.9%	4.0%	3.0%	2.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	3.8	2.9	1.5	1.9	1.1	1.1	1.1	0.8	0.7	0.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	3.8	2.9	1.5	1.9	1.1	1.1	1.1	0.8	0.7	0.6
Liquidity Ratio	Monetary Assets/Current Liabilities	3.0	2.1	0.9	1.2	0.4	0.4	0.4	–	–	–
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	58.1%	-2.8%	106.2%	37.2%	37.2%	39.2%	57.2%	59.0%
Current Debtors Collection Rate (Cash)		100.0%	58.1%	-2.8%	106.2%	37.2%	37.2%	39.2%	57.2%	59.0%	61.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	9.6%	11.6%	17.1%	6.2%	16.3%	16.3%	16.4%	23.6%	29.6%	35.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	9.5%	10.3%								
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		8.5%	29.6%	49.7%	46.7%	121.2%	121.2%	121.2%	-200.5%	-60.4%	-33.5%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	7604645	6108588	5605640	5605640	5605640	5605640	5605640	5605640	5605640	5605640
	Total Cost of Losses (Rand '000)	7 792	5 986	5 494	5 494	5 494	5 494	5 494	5 494	5 494	5 494
	% Volume (units purchased and generated less units sold)/units purchased and generated	58%	46%	39%	39%	39%	39%	39%	35%	30%	25%
Water Distribution Losses (2)	Total Volume Losses (kl)	–	–	–	–	–	–	–	–	–	–
	Total Cost of Losses (Rand '000)	–	–	–	–	–	–	–	–	–	–
	% Volume (units purchased and generated less units sold)/units purchased and generated	–	–	–	–	–	–	–	–	–	–
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.2%	29.1%	30.5%	34.2%	31.7%	31.7%	31.9%	38.8%	42.8%	44.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	38.9%	35.2%	37.6%	40.4%	38.0%	38.0%		51.8%	56.2%	58.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.4%	5.4%	3.6%	7.2%	5.8%	5.8%		4.8%	7.7%	8.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	16.3%	20.0%	22.8%	14.6%	14.4%	14.4%	14.5%	16.3%	16.7%	17.4%
<u>IDP regulation financial viability</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	7.4	8.3	5.7	3.8	3.8	3.8	4.5	5.1	4.8	5.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	68.2%	74.5%	153.9%	51.4%	159.5%	159.5%	167.4%	206.8%	251.6%	273.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	6.5	5.1	3.4	2.0	1.6	1.6	1.6	(0.8)	(2.3)	(4.2)

1.10.1 Performance indicators and benchmarks

1.10.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Emalahleni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is by far below the borrowing capacity of the municipality, but it needs to be noted that capital grants and transfers has contributed significantly to the municipality's capital expenditure programs, thus limiting the need for borrowing.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steady 0.4 percent throughout the MTREF period. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality should limit external interest charges to the minimum.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing any money during the MTREF period.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has bought vehicles on hire purchase and will pay instalments monthly for a five year period.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2016/17 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

1.10.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. This ratio is well below the norm, indicating a strong financial position.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

1.10.1.3 Revenue Management

- As part of the financial sustainability, an aggressive revenue management framework should be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the framework should be to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. The collection rates in this indicator is based on all cash receipts, also for direct income. The collection rate used for the calculation of debtors' payments was 50 per cent and should increase if the municipality wants to be financial as a going concern conservative approach in order to cater for the current negative economic climate.

1.10.1.4 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

1.10.1.5 Other Indicators

- The municipality needs to know what causes high electricity losses. The municipality has then to developed mechanism to determine what is an acceptable distribution loss and what should be contributed to theft.
- Employee costs as a percentage of operating revenue is fairly constant over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also fairly constant owing directly to cost drivers such as bulk purchases increasing far above inflation. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

1.10.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the MTREF 1 368 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity and free waste removal equivalent once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained elsewhere in this report.

1.11 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

1.11.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council annually is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2016/17 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 50 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

1.11.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

1.11.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

1.11.4 Supply Chain Management Policy

The Supply Chain Management Policy has been reviewed in March 2016. The amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

1.11.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

1.11.6 Cash Management and Investment Policy

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

1.11.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on at main municipal building, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

1.12 Overview of budget assumptions

1.12.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank fast and millions of people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven and that growth for 2015 will be minimal with a slightly better growth in the outer years.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

1.12.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

1.12.3 Credit rating outlook

The Municipality did not perform a credit rating outlook.

1.12.4 Interest rates for borrowing and investment of funds

The municipality will not borrow any funds during the MTREF period. It is expected that interest rates will be adjusted slightly upwards during the MTREF period and it was budget for as such.

1.12.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (55 per cent) of annual billings. Cash flow is assumed to be 55 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.12.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

1.12.7 Salary increases

There is a collective agreement on salary increases in place for the budget year, and the guidance on increases as contained in Circular 78 of National Treasury was also used during the compilation of budget accordingly.

1.12.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

1.12.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 95 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.

1.13 Overview of budget funding

1.13.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Description R thousands	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Property rates	3 194	3 218	3 719	3 551	4 143	4 143	4 143	4 391	4 066	4 305
Service charges	14 914	21 381	11 180	16 815	12 754	12 754	11 916	12 895	13 798	15 571
Investment revenue	897	731	721	633	733	733	733	797	1 036	1 097
Transfers recognised -	93	61	66	1 345	74	74	74	1 345	1 349	1 429
Other own revenue	116 503	136 914	124 204	150 738	154 525	154 525	154 525	138 848	140 432	140 506
Gains on disposal of PPE	135 602	162 305	139 889	173 082	172 229	172 229	171 391	158 277	160 681	162 909

SA15 – Detail Investment Information

EC136 Emalahleni (EC) - Supporting Table SA15 Investment particulars by type										
Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		–	41 614	28 563	20 579	16 578	16 578	–	–	–
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Non-liable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	–	41 614	28 563	20 579	16 578	16 578	–	–	–

1.13.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below gives a clear indication that the municipality is going into cashflow difficulties within the MTREF period. The table improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table A7 - Budget cash flow statement

EC136 Emalahleni (EC) - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		3 194	3 218	3 719	2 851	1 446	1 446	1 446	2 591	2 399	2 540
Service charges		14 914	11 063	(4 130)	18 787	4 843	4 843	4 843	7 302	8 147	9 587
Other revenue		5 339			4 095	2 392	2 392	2 392	2 494	2 402	2 544
Government - operating	1	85 415	98 441	112 881	143 753	145 427	145 427	145 427	130 689	132 734	132 354
Government - capital	1	23 095	22 739	28 981	30 615	30 615	30 615	30 615	30 170	32 549	34 271
Interest		9 301	6 500	7 280	4 867	7 513	7 513	7 513	5 590	5 458	5 780
Dividends											
Payments											
Suppliers and employees		(116 356)	(106 429)	(130 520)	(146 080)	(157 136)	(157 136)	(157 136)	(159 260)	(163 668)	(171 688)
Finance charges		(244)	(137)	(58)	(730)	(500)	(500)	(500)	(850)	(837)	(886)
Transfers and Grants	1	-			(28 390)	-	-	-	(3 672)	(3 888)	(4 181)
NET CASH FROM/(USED) OPERATING ACTIVITIES		24 657	35 396	18 153	29 769	34 600	34 600	34 600	15 054	15 296	10 320
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			-			410	410	410	-	-	-
Decrease (Increase) in non-current debtors			-						-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(17 070)	(37 101)	(36 956)	(42 515)	(49 948)	(49 948)	(49 948)	(39 912)	(32 924)	(34 013)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(17 070)	(37 101)	(36 956)	(42 515)	(49 537)	(49 537)	(49 537)	(39 912)	(32 924)	(34 013)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits		9	(110)						-	-	-
Payments											
Repayment of borrowing		(545)	(306)	(414)	(5)	(260)	(260)	(260)	(263)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(536)	(416)	(414)	(5)	(260)	(260)	(260)	(263)	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		7 051	(2 122)	(19 217)	(12 752)	(15 198)	(15 198)	(15 198)	(25 121)	(17 628)	(23 693)
Cash/cash equivalents at the year begin:	2	46 064	53 115	50 993	33 908	31 776	31 776	31 776	16 578	(8 543)	(26 171)
Cash/cash equivalents at the year end:	2	53 115	50 993	31 776	21 156	16 578	16 578	16 578	(8 543)	(26 171)	(49 863)

1.13.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

EC136 Emalahleni (EC) - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available											
Cash/cash equivalents at the year end	1	53 115	50 993	31 776	21 156	16 578	16 578	16 578	(8 543)	(26 171)	(49 863)
Other current investments > 90 days		0	0	0	-	0	0	0	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		53 115	50 993	31 776	21 156	16 578	16 578	16 578	(8 543)	(26 171)	(49 863)
Application of cash and investments											
Unspent conditional transfers		7 225	1 801	349	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	-	-	-	-	-	-	-	-
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/invest	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investment		7 225	1 801	349	-	-	-	-	-	-	-
Surplus(shortfall)		45 890	49 192	31 428	21 156	16 578	16 578	16 578	(8 543)	(26 171)	(49 863)

From the above table it can be seen that the cash and investments available total to a deficit of R 8.543 million in the 2016/17 financial year and quickly worsens to a deficit of R 49.863 million by 2018/19, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued.

- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

1.13.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

IBRR SA10 – Funding compliance measurement

EC136 Emalahleni (EC) Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue &		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	53 115	50 993	31 776	21 156	16 578	16 578	16 578	(8 543)	(26 171)	(49 863)
Cash + investments at the yr end less applications - R'000	18(1)b	2	47 795	38 545	15 208	21 522	6 908	6 908	7 296	(6 401)	(16 542)	(34 881)
Cash year end/monthly employee/supplier payments	18(1)b	3	6.5	5.1	3.4	2.0	1.6	1.6	1.6	(0.8)	(2.3)	(4.2)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	2 658	(5 329)	(11 157)	1 194	42	42	(797)	(831)	(1 541)	(9 146)
Service charge rev % change - macro CPX target exclusive	18(1)a,(2)	5	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	52.7%	78.2%	91.1%	6.4%	13.6%	13.6%	14.3%	14.6%	7.7%	7.3%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	100.0%	95.8%	100.0%	100.0%	104.9%	104.9%	102.4%	101.2%	99.2%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	45.7%	27.3%	(55.1%)	160.3%	0.0%	0.0%	33.0%	27.1%	20.8%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accum % of Property Plant & Equipment	20(1)(vi)	13	1.7%	2.1%	1.2%	2.7%	2.1%	2.1%	1.6%	1.6%	2.5%	2.6%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

1.13.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

1.13.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the

cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.13.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

1.13.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2016/17 MTREF and outer years the municipality has a small deficit that increase in the the outer years. It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.13.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 percent). The result is intended to be an approximation of the real increase in revenue.

1.13.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 55 per cent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.13.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 14 per cent over the MTREF.

1.13.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

1.13.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

1.13.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

1.13.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

1.13.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

1.14 Expenditure on grants and reconciliations of unspent funds

SA19 - Expenditure on transfers and grant programmes

EC136 Emalahleni (EC) - Supporting Table SA19 Expenditure on transfers and grant programme										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		82 270	94 165	108 538	142 953	142 953	142 953	129 886	131 934	132 354
Local Government Equitable Share		69 797	78 749	92 038	116 537	116 537	116 537	114 599	121 843	127 950
Municipal Infrastructure Grant (MIG) - Operating		—	880	1 549	1 611	1 611	1 611	1 588	1 713	1 804
Local Government Financial Management Grant (FMG)		1 379	1 650	1 800	1 875	1 875	1 875	2 010	2 345	2 600
Municipal Systems Improvement Grant (MSIG)		736	890	934	930	930	930	957	1 033	—
Integrated National Electrification Grant (INEP)		9 000	10 996	11 000	21 000	21 000	21 000	9 317	5 000	—
Extended Public Works Program (EPWP)		1 358	1 000	1 217	1 000	1 000	1 000	1 415	—	—
		—	—	—	—	—	—	—	—	—
Provincial Government:		441	831	2 570	800	1 074	1 074	803	800	—
Library		441	831	1 131	800	1 074	1 074	803	800	—
Waste Management Grant		—	—	1 343	—	—	—	—	—	—
LED		—	—	96	—	—	—	—	—	—
District Municipality:		2 705	3 446	1 773	—	1 400	1 400	—	—	—
CHDM Food Program		—	—	—	—	—	—	—	—	—
CHDM Sorghum & Processing		—	—	—	—	—	—	—	—	—
CHDM Cleaning program		—	—	202	—	—	—	—	—	—
CHDM Revenue Enhancement		—	—	106	—	—	—	—	—	—
CHDM Paving and beautification		—	—	1 465	—	1 000	1 000	—	—	—
CHDM Heritage Grant		—	—	—	—	—	—	—	—	—
Greenest Municipality Grant		—	—	—	—	200	200	—	—	—
IT Support Grant		—	—	—	—	200	200	—	—	—
CHDM Other		2 705	3 446	—	—	—	—	—	—	—
Other grant providers:		—	—	—	—	—	—	—	—	—
[insert description]		—	—	—	—	—	—	—	—	—
Total operating expenditure of Transfers and Grants		85 415	98 441	112 881	143 753	145 427	145 427	130 689	132 734	132 354
Capital expenditure of Transfers and Grants										
National Government:		20 793	28 198	30 399	30 615	30 615	30 615	30 170	32 549	34 271
Municipal Infrastructure Grant (MIG)		20 793	28 198	30 399	30 615	30 615	30 615	30 170	32 549	34 271
Provincial Government:		—	—	—	—	—	—	—	—	—
Waste Management Grant		—	—	—	—	—	—	—	—	—
District Municipality:		—	—	—	—	—	—	—	—	—
CHDM Food Program		—	—	—	—	—	—	—	—	—
Other grant providers:		—	—	—	—	—	—	—	—	—
0		—	—	—	—	—	—	—	—	—
Total capital expenditure of Transfers and Grants		20 793	28 198	30 399	30 615	30 615	30 615	30 170	32 549	34 271
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		106 208	126 640	143 280	174 368	176 042	176 042	160 859	165 283	166 625

SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

EC136 Emalahleni (EC) - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		1 539	43	43						
Current year receipts		82 270	94 165	108 538	142 953	142 953	142 953	129 886	131 934	132 354
Conditions met - transferred to revenue		82 270	94 165	108 538	142 953	142 953	142 953	129 886	131 934	132 354
Conditions still to be met - transferred to liabilities		1 539	43	43						
Provincial Government:										
Balance unspent at beginning of the year		2 309	728	306						
Current year receipts		441	831	2 570	800	1 074	1 074	803	800	—
Conditions met - transferred to revenue		441	831	2 570	800	1 074	1 074	803	800	—
Conditions still to be met - transferred to liabilities		2 309	728	306						
District Municipality:										
Balance unspent at beginning of the year		860								
Current year receipts		2 705	3 446	1 773		1 400	1 400	—	—	—
Conditions met - transferred to revenue		2 705	3 446	1 773	—	1 400	1 400	—	—	—
Conditions still to be met - transferred to liabilities		860								
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		—	—	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		85 415	98 441	112 881	143 753	145 427	145 427	130 689	132 734	132 354
Total operating transfers and grants - CTBM	2	4 708	771	349	—	—	—	—	—	—
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		2 518	721							
Current year receipts		20 793	28 198	30 399	30 615	30 615	30 615	30 170	32 549	34 271
Conditions met - transferred to revenue		20 793	28 198	30 399	30 615	30 615	30 615	30 170	32 549	34 271
Conditions still to be met - transferred to liabilities		2 518	721							
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		—	—	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		—	—	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		—	—	—	—	—	—	—	—	—
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		20 793	28 198	30 399	30 615	30 615	30 615	30 170	32 549	34 271
Total capital transfers and grants - CTBM	2	2 518	721	—	—	—	—	—	—	—
TOTAL TRANSFERS AND GRANTS REVENUE		106 208	126 640	143 280	174 368	176 042	176 042	160 859	165 283	166 625
TOTAL TRANSFERS AND GRANTS - CTBM		7 226	1 492	349	—	—	—	—	—	—

1.15 Councillor and employee benefits

MBRR SA22 - Summary of councillor and staff benefits

EC136 Emalahleni (EC) - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		9 101	9 812	10 104	10 739	10 896	10 896	10 947	12 042	12 752
Cellphone Allowance							–	780	859	909
Sub Total - Councillors		9 101	9 812	10 104	10 739	10 896	10 896	11 728	12 900	13 662
% increase	4		7.8%	3.0%	6.3%	1.5%	–	7.6%	10.0%	5.9%
Senior Managers of the Municipality										
Basic Salaries and Wages	2	7 171	6 371	6 392	6 866	7 146	7 146	7 861	8 647	9 512
Performance Bonus		115	(2 303)	582	97		–	1 077	1 211	1 332
Sub Total - Senior Managers of Municipality		7 285	4 068	6 974	6 963	7 146	7 146	8 938	9 858	10 843
% increase	4		(44.2%)	71.5%	(0.2%)	2.6%	–	25.1%	10.3%	10.0%
Other Municipal Staff										
Basic Salaries and Wages		26 431	29 907	25 746	33 338	32 795	32 795	47 135	53 826	57 002
Pension and UIF Contributions		3 245	3 780	3 888	6 197	5 467	5 467	6 144	6 489	6 871
Medical Aid Contributions		949	1 298	1 323	2 049	1 932	1 932	2 095	2 209	2 340
Overtime		1 070	1 503	846	993	1 008	1 008	925	1 050	1 112
Performance Bonus		–	–	(582)	–	820	820	732	427	452
Motor Vehicle Allowance	3	653	884	1 144	2 855	2 299	2 299	2 366	2 530	2 679
Cellphone Allowance	3	283	468	90	432	188	188	176	208	220
Housing Allowances	3	140	143	92	490	117	117	65	70	74
Other benefits and allowances	3	328	430	1 925	560	2 736	2 736	749	800	847
Payments in lieu of leave		369	1 817	–	1 928	–	–	134	148	156
Long service awards		316	241	290	260	260	260	272	300	317
Post-retirement benefit obligations	6	2 614	2 757	(421)	3 143	–	–	587	646	684
Sub Total - Other Municipal Staff		36 399	43 227	34 341	52 244	47 621	47 621	61 381	68 702	72 755
% increase	4		18.8%	(20.6%)	52.1%	(8.8%)	–	28.9%	11.9%	5.9%
Total Parent Municipality		52 786	57 106	51 419	69 946	65 664	65 664	82 046	91 460	97 260
			8.2%	(10.0%)	36.0%	(6.1%)	–	24.9%	11.5%	6.3%
TOTAL SALARY, ALLOWANCES & BENEFITS		52 786	57 106	51 419	69 946	65 664	65 664	82 046	91 460	97 260
% increase	4		8.2%	(10.0%)	36.0%	(6.1%)	–	24.9%	11.5%	6.3%
TOTAL MANAGERS AND STAFF	5,7	43 685	47 295	41 316	59 207	54 768	54 768	70 318	78 559	83 598

SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

EC136 Emalahleni (EC) - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4	1	651 891		22 955			674 845
Chief Whip		1	611 148		22 955			634 103
Executive Mayor		1	814 863		22 955			837 818
Deputy Executive Mayor		4						–
Executive Committee		27	2 169 575		91 816			2 261 391
Total for all other councillors			6 699 761		619 758			7 319 519
Total Councillors	8	34	10 947 238	–	780 438			11 727 677
Senior Managers of the Municipality	5							
Municipal Manager (MM)		1	1 641 318			208 895		1 850 213
Chief Finance Officer		1	1 281 893			179 465		1 461 358
Director - Corporate Services		1	1 233 215			156 955		1 390 170
Director - IPED		1	1 228 919			172 049		1 400 968
Director: Infrastructure and Human Settlements		1	1 228 919			172 049		1 400 968
Director - Community		1	1 228 919			172 049		
Contribution to Provision								–
<i>List of each official with packages >= senior manager</i>								
								–
Total Senior Managers of the Municipality	8,10	6	7 843 183	–	–	1 061 461		7 503 676
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	40	18 790 421	–	780 438	1 061 461	–	19 231 353

SA24– Summary of personnel numbers

EC136 Emalahleni (EC) - Supporting Table SA24 Summary of personnel numbers												
Summary of Personnel Numbers		Ref	2014/15			Current Year 2015/16			Budget Year 2016/17			
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	
Municipal Council and Boards of Municipal Entities												
Councillors (Political Office Bearers plus Other Councillors)			34	–	34	34	–	34	34	–	34	
Board Members of municipal entities		4										
Municipal employees												
		5										
Municipal Manager and Senior Managers		3	6	–	6	6	–	6	6	–	6	
Other Managers		7	10	–	1	11	10	1	11	10	1	
Professionals			6	6	–	44	42	2	44	42	2	
Finance			3	3	–	3	3	–	3	3	–	
Spatial/town planning			1	1	–	1	1	–	1	1	–	
Information Technology			1	1	–	1	1	–	1	1	–	
Roads			–	–	–	1	1	–	1	1	–	
Electricity			–	–	–	1	1	–	1	1	–	
Refuse			1	1	–	1	1	–	1	1	–	
Other						36	34	2	36	34	2	
Technicians			11	11	–	15	15	–	15	15	–	
Finance			7	7	–	7	7	–	7	7	–	
Spatial/town planning						1	1	–	1	1	–	
Information Technology			1	1	–	1	1	–	1	1	–	
Roads			1	1	–	1	1	–	1	1	–	
Electricity			1	1	–	1	1	–	1	1	–	
Refuse			1	1	–	1	1	–	1	1	–	
Other			–	–	–	3	3	–	3	3	–	
Clerks (Clerical and administrative)						40	40	–	40	40	–	
Service and sales workers			38	38	–							
Skilled agricultural and fishery workers			–	–	–	1	1	–	1	1	–	
Craft and related trades			–	–	–	–	–	–	–	–	–	
and Machine Operators			5	5	–	5	5	–	5	5	–	
Elementary Occupations			78	78	2	85	83	2	85	83	2	
TOTAL PERSONNEL NUMBERS			9	188	138	43	241	196	45	241	196	45
% increase						28.2%	42.0%	4.7%	–	–	–	
Total municipal employees headcount			6, 10	192	142	43	241	196	45	241	196	45
Finance personnel headcount			8, 10	17	18	1	24	24	–	24	24	–
Human Resources personnel headcount			8, 10	7	7	–	8	8	–	8	8	–

1.16 Monthly targets for revenue, expenditure and cash flow

SA25 - Budgeted monthly revenue and expenditure

EC136 Emalahleni (EC) - Supporting Table SA25 Budgeted monthly revenue and expenditure

R thousand	Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure		
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source																	
	Property rates		366	366	366	366	366	366	366	366	366	366	366	366	4 391	4 066	4 305
	Service charges - electricity revenue		848	848	848	848	848	848	848	848	848	848	848	848	10 176	10 888	11 531
	Service charges - refuse revenue		227	227	227	227	227	227	227	227	227	227	227	227	2 719	2 909	2 909
	Rental of facilities and equipment		66	66	66	66	66	66	66	66	66	66	66	66	797	1 036	1 097
	Interest earned - ex ternal investments		295	295	295	295	295	295	295	295	295	295	295	295	3 545	3 750	3 971
	Interest earned - outstanding debtors		289	289	289	289	289	289	289	289	289	289	289	289	3 466	2 895	3 066
	Fines		10	10	10	10	10	10	10	10	10	10	10	10	123	—	—
	Licences and permits		45	45	45	45	45	45	45	45	45	45	45	45	542	542	574
	Agency services		112	112	112	112	112	112	112	112	112	112	112	112	1 345	1 349	1 429
	Transfers recognised - operational		10 891	10 891	10 891	10 891	10 891	10 891	10 891	10 891	10 891	10 891	10 891	10 891	130 689	132 734	132 354
	Other revenue		40	40	40	40	40	40	40	40	40	40	40	40	484	511	541
	Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Total Revenue (excluding capital transfers and		13 190	13 190	13 190	13 190	13 190	13 190	13 190	13 190	13 190	13 190	13 190	13 190	158 277	160 681	162 909
Expenditure By Type																	
	Employee related costs		5 115	5 115	5 115	5 115	5 115	5 115	5 115	5 115	5 115	5 115	5 115	5 115	61 381	68 702	72 755
	Remuneration of councillors		977	977	977	977	977	977	977	977	977	977	977	977	11 728	12 900	13 662
	Debt impairment		211	211	211	211	211	211	211	211	211	211	211	211	2 526	1 376	1 457
	Depreciation & asset impairment		2 084	2 084	2 084	2 084	2 084	2 084	2 084	2 084	2 084	2 084	2 084	2 084	25 003	25 935	27 466
	Finance charges		71	71	71	71	71	71	71	71	71	71	71	71	850	837	886
	Bulk purchases		1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	1 554	18 650	19 094	20 221
	Contracted services		330	330	330	330	330	330	330	330	330	330	330	330	3 956	4 437	4 699
	Transfers and grants		306	306	306	306	306	306	306	306	306	306	306	306	3 672	3 888	4 181
	Other expenditure		5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	61 513	57 601	60 999
	Loss on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Total Expenditure		15 773	15 773	15 773	15 773	15 773	15 773	15 773	15 773	15 773	15 773	15 773	15 773	189 278	194 770	206 326
	Surplus/(Deficit)		(2 583)	(2 583)	(2 583)	(2 583)	(2 583)	(2 583)	(2 583)	(2 583)	(2 583)	(2 583)	(2 583)	(2 583)	(31 001)	(34 089)	(43 417)
	Transfers recognised - capital		2 514	2 514	2 514	2 514	2 514	2 514	2 514	2 514	2 514	2 514	2 514	2 514	30 170	32 549	34 271
	Contributions recognised - capital		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Contributed assets		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Surplus/(Deficit) after capital transfers & contributions		(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(831)	(1 541)	(9 146)
	Taxation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Attributable to minorities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Surplus/(Deficit)	1	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(69)	(831)	(1 541)	(9 146)

MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

EC136 Emalahleni (EC) - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description		Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Revenue - Standard																		
Governance and administration			10 579	10 579	10 579	10 579	10 579	10 579	10 579	10 579	10 579	10 579	10 579	10 579	10 579	126 950	134 549	140 429
Executive and council			538	538	538	538	538	538	538	538	538	538	538	538	538	6 458	6 773	7 107
Budget and treasury office			10 041	10 041	10 041	10 041	10 041	10 041	10 041	10 041	10 041	10 041	10 041	10 041	10 041	120 492	127 776	133 322
Corporate services			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Community and public safety			146	146	146	146	146	146	146	146	146	146	146	146	146	1 751	1 800	1 059
Community and social services			140	140	140	140	140	140	140	140	140	140	140	140	140	1 678	1 723	977
Housing			6	6	6	6	6	6	6	6	6	6	6	6	6	74	77	82
Economic and environmental services			2 930	2 930	2 930	2 930	2 930	2 930	2 930	2 930	2 930	2 930	2 930	2 930	2 930	35 165	36 132	38 055
Planning and development			0	0	0	0	0	0	0	0	0	0	0	0	0	5	5	6
Road transport			2 930	2 930	2 930	2 930	2 930	2 930	2 930	2 930	2 930	2 930	2 930	2 930	2 930	35 161	36 126	38 049
Trading services			2 117	2 117	2 117	2 117	2 117	2 117	2 117	2 117	2 117	2 117	2 117	2 117	2 117	25 400	21 428	17 397
Electricity			1 657	1 657	1 657	1 657	1 657	1 657	1 657	1 657	1 657	1 657	1 657	1 657	1 657	19 883	16 006	11 655
Waste management			460	460	460	460	460	460	460	460	460	460	460	460	460	5 517	5 422	5 742
Other			2	2	2	2	2	2	2	2	2	2	2	2	2	27	227	240
Total Revenue - Standard			15 774	15 774	15 774	15 774	15 774	15 774	15 774	15 774	15 774	15 774	15 774	15 774	15 774	189 294	194 136	197 180
Expenditure - Standard																		
Governance and administration			6 855	6 855	6 855	6 855	6 855	6 855	6 855	6 855	6 855	6 855	6 855	6 855	6 855	82 261	87 896	93 146
Executive and council			2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	31 328	33 863	35 861
Budget and treasury office			2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728	32 736	34 383	36 476
Corporate services			1 516	1 516	1 516	1 516	1 516	1 516	1 516	1 516	1 516	1 516	1 516	1 516	1 516	18 197	19 650	20 809
Community and public safety			1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	1 664	19 967	18 037	19 101
Community and social services			1 376	1 376	1 376	1 376	1 376	1 376	1 376	1 376	1 376	1 376	1 376	1 376	1 376	16 507	15 500	16 414
Sport and recreation			111	111	111	111	111	111	111	111	111	111	111	111	111	1 329	1 240	1 313
Housing			178	178	178	178	178	178	178	178	178	178	178	178	178	2 131	1 297	1 373
Economic and environmental services			3 697	3 697	3 697	3 697	3 697	3 697	3 697	3 697	3 697	3 697	3 697	3 697	3 697	44 363	48 277	51 125
Planning and development			469	469	469	469	469	469	469	469	469	469	469	469	469	5 630	6 989	7 402
Road transport			3 228	3 228	3 228	3 228	3 228	3 228	3 228	3 228	3 228	3 228	3 228	3 228	3 228	38 733	41 288	43 724
Trading services			3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	3 513	42 153	40 078	42 443
Electricity			2 811	2 811	2 811	2 811	2 811	2 811	2 811	2 811	2 811	2 811	2 811	2 811	2 811	33 737	32 760	34 693
Waste management			701	701	701	701	701	701	701	701	701	701	701	701	701	8 416	7 318	7 750
Other			45	45	45	45	45	45	45	45	45	45	45	45	45	534	483	511
Total Expenditure - Standard			15 773	15 773	15 773	15 773	15 773	15 773	15 773	15 773	15 773	15 773	15 773	15 773	15 773	189 278	194 770	206 326
Surplus/(Deficit) before assoc. share of surplus/ (deficit) of associate			1	1	1	1	1	1	1	1	1	1	1	1	1	16	(634)	(9 146)
Surplus/(Deficit)			1	1	1	1	1	1	1	1	1	1	1	1	—	—	—	—

BRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**EC136 Emalahleni (EC) - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)**

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue by Vote																
Vote 1 - Executive and Council		538	538	538	538	538	538	538	538	538	538	538	538	6 458	6 773	7 107
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury		10 041	10 041	10 041	10 041	10 041	10 041	10 041	10 041	10 041	10 041	10 041	10 041	120 492	127 776	133 322
Vote 4 - Economic Development, Tourism and Agriculture		0	0	0	0	0	0	0	0	0	0	0	0	5	5	6
Vote 5 - Community and Social Services		602	602	602	602	602	602	602	602	602	602	602	602	7 221	7 372	6 959
Vote 6 - Infrastructure Development and Housing Services		4 593	4 593	4 593	4 593	4 593	4 593	4 593	4 593	4 593	4 593	4 593	4 593	55 118	52 209	49 786
Total Revenue by Vote		15 774	15 774	15 774	15 774	15 774	15 774	15 774	15 774	15 774	15 774	15 774	15 774	189 294	194 136	197 180
Expenditure by Vote to be appropriated																
Vote 1 - Executive and Council		2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	2 611	31 328	33 863	35 861
Vote 2 - Corporate Services		1 516	1 516	1 516	1 516	1 516	1 516	1 516	1 516	1 516	1 516	1 516	1 516	18 197	19 650	20 809
Vote 3 - Budget and Treasury		2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728	2 728	32 736	34 383	36 476
Vote 4 - Economic Development, Tourism and Agriculture		469	469	469	469	469	469	469	469	469	469	469	469	5 630	6 989	7 402
Vote 5 - Community and Social Services		2 232	2 232	2 232	2 232	2 232	2 232	2 232	2 232	2 232	2 232	2 232	2 232	26 787	24 541	25 988
Vote 6 - Infrastructure Development and Housing Services		6 217	6 217	6 217	6 217	6 217	6 217	6 217	6 217	6 217	6 217	6 217	6 217	74 601	75 344	79 790
Total Expenditure by Vote		15 773	15 773	15 773	15 773	15 773	15 773	15 773	15 773	15 773	15 773	15 773	15 773	189 278	194 770	206 326
Surplus/(Deficit) before assoc.		1	1	1	1	1	1	1	1	1	1	1	1	16	(634)	(9 146)
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	1	1	1	1	1	1	1	1	1	1	1	1	16	(634)	(9 146)

MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

EC136 Emalahleni (EC) - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

R thousand	Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	Multi-year expenditure to be appropriated	1															
	Vote 1 - Executive and Council													2 500	2 500	-	-
	Vote 2 - Corporate Services													-	-	-	-
	Vote 3 - Budget and Treasury													-	-	-	-
	Vote 4 - Economic Development, Tourism and Agriculture													-	-	-	-
	Vote 5 - Community and Social Services		534	534	534	534	534	534	534	534	534	534	534	534	6 402	3 858	8 700
	Vote 6 - Infrastructure Development and Housing Services		1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	22 768	13 733	-
	Capital multi-year expenditure sub-total	2	2 431	2 431	2 431	2 431	2 431	2 431	2 431	2 431	2 431	2 431	2 431	4 931	31 670	17 591	8 700
	Single-year expenditure to be appropriated																
	Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 2 - Corporate Services		350	350	350	350	350	350	350	350	350	350	350	350	4 200	-	-
	Vote 3 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 4 - Economic Development, Tourism and Agriculture		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 5 - Community and Social Services		167	167	167	167	167	167	167	167	167	167	167	167	2 000	-	25 571
	Vote 6 - Infrastructure Development and Housing Services		92	92	92	92	92	92	92	92	92	92	92	92	1 100	14 958	-
	Capital single-year expenditure sub-total	2	608	608	608	608	608	608	608	608	608	608	608	608	7 300	14 958	25 571
	Total Capital Expenditure	2	3 039	3 039	3 039	3 039	3 039	3 039	3 039	3 039	3 039	3 039	3 039	5 539	38 970	32 549	34 271

A29 - Budgeted monthly capital expenditure (standard classification)

EC136 Emalahleni (EC) - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard	1	558	558	558	558	558	558	558	558	558	558	558	558	6 700	-	-
<i>Governance and administration</i>		208	208	208	208	208	208	208	208	208	208	208	208	2 500	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		350	350	350	350	350	350	350	350	350	350	350	350	4 200	-	-
Corporate services		326	326	326	326	326	326	326	326	326	326	326	326	3 914	2 858	34 271
<i>Community and public safety</i>		326	326	326	326	326	326	326	326	326	326	326	326	3 914	2 858	34 271
Community and social services		1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	21 002	19 636	-
<i>Economic and environmental services</i>		1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	1 750	21 002	19 636	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		613	613	613	613	613	613	613	613	613	613	613	613	7 354	10 055	-
<i>Trading services</i>		239	239	239	239	239	239	239	239	239	239	239	239	2 865	9 055	-
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		374	374	374	374	374	374	374	374	374	374	374	374	4 488	1 000	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	2	3 248	3 248	3 248	3 248	3 248	3 248	3 248	3 248	3 248	3 248	3 248	3 248	38 970	32 549	34 271
Funded by:		2 514	2 514	2 514	2 514	2 514	2 514	2 514	2 514	2 514	2 514	2 514	2 514	30 170	32 549	34 271
National Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		2 514	2 514	2 514	2 514	2 514	2 514	2 514	2 514	2 514	2 514	2 514	2 514	30 170	32 549	34 271
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		733	733	733	733	733	733	733	733	733	733	733	733	8 800	-	-
Total Capital Funding		3 248	3 248	3 248	3 248	3 248	3 248	3 248	3 248	3 248	3 248	3 248	3 248	38 970	32 549	34 271

SA30 - Budgeted monthly cash

EC136 Emalahleni (EC) - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source															
Property rates	216	216	216	216	216	216	216	216	216	216	216	216	2 591	2 399	2 540
Service charges - electricity revenue	500	500	500	500	500	500	500	500	500	500	500	500	6 004	6 424	6 803
Service charges - refuse revenue	108	108	108	108	108	108	108	108	108	108	108	108	1 298	1 723	2 784
Interest earned - external investments	295	295	295	295	295	295	295	295	295	295	295	295	3 545	3 750	3 971
Interest earned - outstanding debtors	170	170	170	170	170	170	170	170	170	170	170	170	2 045	1 708	1 809
Fines	10	10	10	10	10	10	10	10	10	10	10	10	123	—	—
Licences and permits	45	45	45	45	45	45	45	45	45	45	45	45	542	542	574
Agency services	112	112	112	112	112	112	112	112	112	112	112	112	1 345	1 349	1 429
Transfer receipts - operational	43 563				43 563				43 563				130 689	132 734	132 354
Other revenue	40											443	484	511	541
Cash Receipts by Source	45 061	1 458	1 458	1 458	45 021	1 458	1 458	1 458	45 021	1 458	1 458	1 901	148 665	151 140	152 805
Other Cash Flows by Source															
Transfer receipts - capital	10 057				10 057				10 057			—	30 170	32 549	34 271
Contributions recognised - capital & Contributed assets												—	—	—	—
Proceeds on disposal of PPE												—	—	—	—
Short term loans												—	—	—	—
Borrowing long term/refinancing												—	—	—	—
Increase (decrease) in consumer deposits												—	—	—	—
Decrease (increase) in non-current debtors												—	—	—	—
Decrease (increase) other non-current receivables												—	—	—	—
Decrease (increase) in non-current investments												—	—	—	—
Total Cash Receipts by Source	55 118	1 458	1 458	1 458	55 077	1 458	1 458	1 458	55 077	1 458	1 458	1 901	178 835	183 689	187 076
Cash Payments by Type															
Employee related costs	5 115	5 115	5 115	5 115	5 115	5 115	5 115	5 115	5 115	5 115	5 115	5 115	61 381	68 702	72 755
Remuneration of councillors	977	977	977	977	977	977	977	977	977	977	977	977	11 728	12 900	13 662
Finance charges	71	71	71	71	71	71	71	71	71	71	71	71	850	837	886
Bulk purchases - Electricity	1 592	1 592	1 592	1 592	1 592	1 592	1 592	1 592	1 592	1 592	1 592	1 592	19 101	19 314	20 068
Bulk purchases - Water & Sewer	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other materials	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contracted services	338	338	338	338	338	338	338	338	338	338	338	338	4 052	4 488	4 664
Transfers and grants - other municipalities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants - other	306	306	306	306	306	306	306	306	306	306	306	306	3 672	3 888	4 181
Other expenditure	5 250	5 250	5 250	5 250	5 250	5 250	5 250	5 250	5 250	5 250	5 250	5 250	62 999	58 264	60 540
Cash Payments by Type	13 648	13 648	13 648	13 648	13 648	13 648	13 648	13 648	13 648	13 648	13 648	13 648	163 781	168 393	176 756
Other Cash Flows/Payments by Type															
Capital assets	7 841	3 039	3 039	3 039	3 039	3 039	3 039	3 039	3 039	3 039	3 039	1 679	39 912	32 924	34 013
Repayment of borrowing												263	263		
Other Cash Flow s/Payments												—	—	—	—
Total Cash Payments by Type	21 489	16 688	16 688	16 688	16 688	16 688	16 688	16 688	16 688	16 688	16 688	15 591	203 956	201 317	210 769
NET INCREASE/(DECREASE) IN CASH HELD	33 628	(15 230)	(15 230)	(15 230)	38 390	(15 230)	(15 230)	(15 230)	38 390	(15 230)	(15 230)	(13 690)	(25 121)	(17 628)	(23 693)
Cash/cash equivalents at the month/year begin:	16 578	50 207	34 977	19 747	4 517	42 907	27 677	12 447	(2 783)	35 607	20 377	5 147	16 578	(8 543)	(26 171)
Cash/cash equivalents at the month/year end:	50 207	34 977	19 747	4 517	42 907	27 677	12 447	(2 783)	35 607	20 377	5 147	(8 543)	(8 543)	(26 171)	(49 863)

MARCH 2016

1.17 Capital expenditure details

SA36 - Detailed capital budget per municipal vote

EC136 Enslahleni (EC) - Supporting Table SA36 Detailed capital budget																
Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3	5		Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
Parent municipality: List all capital projects grouped by Municipal Vote																
Vote 5 - Community and Social Services		MIG SPORTSFIELD CONSTRUCTION	9000/4607/0000		Yes	Community	Sportsfields & stadia	new	6 952	4 954	1 998					NEW
Vote 5 - Community and Social Services		MIG TRAFFIC STATION	9000/4611/0000		Yes	Other assets	Civic Land and Buildings	new	11 453	3 881	71			7 500		NEW
Vote 5 - Community and Social Services		MIG CEMETRIES	9000/4613/0000		Yes	Community	Cemeteries	new	3 028	2 478	550					NEW
Vote 6 - Infrastructure and Human Settlement		CONSTR OF TSHINGA-NJOMBELA (9000/4622/0000		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	new	50	50	-					NEW
Vote 6 - Infrastructure and Human Settlement		CONSTR OF DUKATOLE-MANG (E)	9000/4626/0000		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	new	714	714	-					NEW
Vote 5 - Community and Social Services		MIG COMMUNITY HALL WARD 17	9000/4631/0000		Yes	Community	Community halls	new	2 989	2 989	-					NEW
Vote 6 - Infrastructure and Human Settlement		MHLANGA ACCESS ROAD (E)	9000/4635/0000		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	new	3 642	3 642	-					NEW
Vote 1 - Executive and Council		ASSET COUNCIL BUILDING NEW	9000/7000/9302		Yes	Other assets	Civic Land and Buildings	new	12 500	4 029	5 977	2 500				NEW
Vote 1 - Executive and Council		ASSET COUNCIL FURNITURE & O	9000/7000/9306		Yes	Other assets	Civic Land and Buildings	new	72	72	-					NEW
Vote 1 - Executive and Council		ASSET COUNCIL COMPUTERS AND	9000/7000/9307		Yes	Other assets	Computers - hardware/equipment	new	26	26	-					NEW
Vote 1 - Executive and Council		ASSET MANAGEMENT FURNITURE	9000/7001/9306		Yes	Other assets	Furniture and other office equipment	new	87	87	-					NEW
Vote 1 - Executive and Council		ASSET MANAGEMENT COMPUTERS	9000/7001/9307		Yes	Other assets	Computers - hardware/equipment	new	64	64	-					NEW
Vote 5 - Community and Social Services		ASSET WASTE MANAGEMENT GRAN	9000/7101/9314		Yes	Other assets	General vehicles	new	198	198	-					NEW
Vote 3 - Budget and Treasury		ASSET FINANCIAL SERVICES CA	9000/7103/9206		Yes	Other assets	Computers - hardware/equipment	new	162	2	160					NEW
Vote 3 - Budget and Treasury		ASSET FINANCIAL SERVICES FU	9000/7103/9306		Yes	Other assets	Furniture and other office equipment	new	626	198	428					NEW
Vote 4 - EDTA		ASSET IPED FURNITURE & OFFI	9000/7200/9306		Yes	Other assets	Furniture and other office equipment	new	163	163	-					NEW
Vote 4 - EDTA		ASSET IPED COMPUTERS AND CA	9000/7200/9307		Yes	Other assets	Computers - hardware/equipment	new	63	53	10					NEW
Vote 5 - Community and Social Services		ASSET COMMUNITY SERVICES AND CA	9000/7300/9306		Yes	Other assets	Furniture and other office equipment	new	79	79	-					NEW
Vote 6 - Infrastructure and Human Settlement		ASSET TECHNICAL SERVICES FU	9000/7301/9306		Yes	Other assets	Furniture and other office equipment	new	58	58	-					NEW
Vote 2 - Corporate services		ASSET TECHNICAL SERVICES CO	9000/7301/9307		Yes	Other assets	Computers - hardware/equipment	new	50	50	-					NEW
Vote 3 - Budget and Treasury		ASSET CORPORATE SERVICES FU	9000/7301/9306		Yes	Other assets	Furniture and other office equipment	new	50	50	-	350				NEW
Vote 2 - Corporate services		ASSET CORPORATE SERVICES CO	9000/7301/9307		Yes	Other assets	Computers - hardware/equipment	new	1 315	133	832	350				NEW
Vote 3 - Budget and Treasury		ASSET FINANCIAL SERVICES CO	9000/7301/9307		Yes	Other assets	Computers - hardware/equipment	new	126	76	50					NEW
Vote 3 - Budget and Treasury		ASSET FINANCIAL SERVICES VE	9000/7303/9304		Yes	Other assets	General vehicles	new	796	796	-					NEW
Vote 5 - Community and Social Services		ASSET COMMUNITY SERVICES CO	9000/7303/9307		Yes	Other assets	Computers - hardware/equipment	new	41	41	-					NEW
Vote 5 - Community and Social Services		ASSET PARKS/PUBLIC OPEN SPA	9000/7301/9338		Yes	Community	Parks & gardens	new	3 015	42	500	1 373	1 100			NEW
Vote 5 - Community and Social Services		ASSET REFUSE REMOVAL/REFUSE	9000/7501/9725		Yes	Other assets	General vehicles	new	2 114	2 114	-					NEW
Vote 5 - Community and Social Services		MIG COMMUNITY HALL WARD 5	9000/4642/0000		Yes	Community	Community halls	new	3 580	3 580	-					NEW
Vote 5 - Community and Social Services		MIG COMMUNITY HALL WARD 10	9000/4643/0000		Yes	Community	Community halls	new	3 586	3 586	-					NEW
Vote 6 - Infrastructure and Human Settlement		MIG BANKES ACCESS ROAD	9000/4645/0000		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	new	3 196	1 849	1 347					NEW
Vote 6 - Infrastructure and Human Settlement		MAN RD/LF TO ZAKHELE PHASE	9000/4706/0000		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	new	7 919	219	7 700					NEW
Vote 4 - EDTA		ASSET IPED STOCK PEN DEVELO	9000/7200/9342		Yes	Other assets	Plant & equipment	new	495	495	-					NEW
Vote 5 - Community and Social Services		ASSET HERITAGE/HERITAGE	9000/7304/9726		Yes	Heritage assets	Other	new	59	59	-					NEW
Vote 6 - Infrastructure and Human Settlement		ASSET TECHNICAL SERVICES PA	9000/7501/9920		Yes	Other assets	Plant & equipment	new	563	563	-					NEW

Vote 6 - Infrastructure and Human Settlement	MIG GRANT (PMU EXPENDITURE) M	90007603/9343	Yes	Infrastructure - Other	Other	new	92	92	-			NEW
Vote 6 - Infrastructure and Human Settlement	MIG RWANTSANA ACCESS ROAD	900074603/0000	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	new	6 000	6 000	6 000			NEW
Vote 5 - Community and Social Services	MIG LANDFL SITE	900074609/0000	Yes	Other assets	Civic Land and Buildings	new	9 862	9 862	4 874	1 000		NEW
Vote 5 - Community and Social Services	HARRY GWALA HALL 2014	900074633/0000	Yes	Community	Community halls	new	300	300	300			NEW
Vote 3 - Budget and Treasury	SOFTWARE AND SERVER ROOM SEC	900074634/0000	Yes	Intangibles	Computers - software & programming	new	470	470	400			NEW
Vote 3 - Budget and Treasury	ASSET: FINANCIAL SERVICES, UP	90007103/9315	Yes	Other assets	Plant & equipment	new	200	200	200			NEW
Vote 4 - EDTA	ASSET: PEDDIPPING TANKS	90007200/9341	Yes	Other assets	Other	new	1 200	1 200	1 200			NEW
Vote 2 - Corporate services	ASSET: CORPORATE SERVICES, CO	90007100/9319	Yes	Other assets	Computers - hardware/equipment	new	336	336	336			NEW
Vote 6 - Infrastructure and Human Settlement	NGCUKA ACCESS ROAD (E)	900074646/0000	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	new	3 993	3 993	3 993			NEW
Vote 5 - Community and Social Services	COMM HALL WARD 3	900074648/0000	Yes	Community	Community halls	new	4 632	4 632	4 632			NEW
Vote 2 - Corporate services	ASSET: CORPORATE SERVICES, VE	90007100/9304	Yes	Other assets	General vehicles	new	1 800	1 800	800	1 000		NEW
Vote 5 - Community and Social Services	ASSET: WASTE MANAGEMENT GRAN	90007101/9317	Yes	Other assets	General vehicles	new	300	300	300			NEW
Vote 5 - Community and Social Services	ASSET: COMMUNITY SERVICES, TR	90007300/9730	Yes	Other assets	Other	new	200	200	200			NEW
Vote 6 - Infrastructure and Human Settlement	ASSET: LICENSE AND PERMIT'S P	90007600/9727	Yes	Other assets	Other	new	200	200	200			NEW
Vote 5 - Community and Social Services	ASSET: COMMUNITY SERVICES, AI	90007300/9308	Yes	Other assets	Furniture and other office equipment	new	240	240	240			NEW
Vote 2 - Corporate services	Plant & Equipment	90007100/9340	Yes	Other Assets	Plant & equipment	new	9 676	9 676	6 200	2 500		NEW
Vote 6 - Infrastructure and Human Settlement	Street naming	90007601/9348	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	new	400	400	400			NEW
Vote 6 - Infrastructure and Human Settlement	MIG: Surfacing of Dordrecht Internal roads Phase	90007601/1000	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	new	9 644	9 644	7 153	2 491		NEW
Vote 6 - Infrastructure and Human Settlement	MIG: Surfacing of Indwe Internal roads Phase	90007601/1001	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	new	9 878	9 878	4 691	5 187		NEW
Vote 6 - Infrastructure and Human Settlement	MIG: Surfacing of Lady Frere Internal Roads	90007601/1002	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	new	10 158	10 158	8 158	2 000		NEW
Vote 6 - Infrastructure and Human Settlement	MIG: Emarway ibeni to Bopp Access Roads	90007601/1003	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	new			1 000	-		NEW
Vote 6 - Infrastructure and Human Settlement	MIG: Rehabilitation of Streetlights in Lady Frere, Indwe & DC	90007600/1000	Yes	Infrastructure - Electricity	Street Lighting	new			2 765	4 055		NEW
Vote 5 - Community and Social Services	MIG LED Shearing Shed	90007200/1000	Yes	Other assets	Other	new	1 041	1 758	1 041	1 758		NEW
Vote 5 - Community and Social Services	ASSET COMMUNITY SERVICES, MATERIAL RECOVERY	90007302/0000	Yes	Other assets	Plant & equipment	new	500	500				NEW
Vote 5 - Community and Social Services	ASSET COMMUNITY SERVICES, FURNITURE TRAFFIC	90007600/9306	Yes	Other assets	Furniture and other office equipment	new	200	200				NEW
Vote 5 - Community and Social Services	ASSET: COMMUNITY SERVICES, FU	90007300/9306	Yes	Other assets	Furniture and other office equipment	new	500	500				NEW
Vote 5 - Community and Social Services	ASSET: CEMETERIES, INDWE CEME	90007302/9728	Yes	Community	Cemeteries	new	500	500				NEW
Vote 6 - Infrastructure and Human Settlement	ASSET: TECHNICAL SERVICES TRANSFORMERS	90007801/0000	Yes	Infrastructure - Electricity	Transmission & Retiulation	new	100	100				NEW
Vote 5 - Community and Social Services	ASSET: COMMUNITY SERVICES, GA	90007300/9347	Yes	Community	Other	new	300	300				NEW
Vote 5 - Community and Social Services	MIG: Lady Frere Multi-purpose centre	90007300/1000	Yes	Other assets	Civic Land and Buildings	new			10 471			NEW
Vote 5 - Community and Social Services	MIG: Indwe sportsfield	90007400/0001	Yes	Community	Sportsfields & stadia	new			13 501			NEW
Vote 5 - Community and Social Services	MIG: Hydroponics	90007300/0002	Yes	Other assets	Other	new			800			NEW
Vote 5 - Community and Social Services	MIG: Feed lot	90007300/0001	Yes	Other assets	Other	new			800			NEW
Vote 6 - Infrastructure and Human Settlement	MIG: Cacadu Ext 1 Access Road	90007601/1006	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	new			9 958			NEW
Vote 6 - Infrastructure and Human Settlement	MIG: Borgolwehu High Mast Lights	90007601/1007	Yes	Infrastructure - Electricity	Street Lighting	new			5 000			NEW
Parent Capital expenditure	1								38 970	32 549	34 271	
Total Capital expenditure								38 585	49 948	38 970	32 549	34 271

1.18 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed six interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2016/17 MTREF in May 2016 directly aligned and informed by the 2016/17 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

MBRR Table SA3 – Supporting detail to Statement of Financial Position

EC136 Emalahleni (EC) - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
ASSETS												
Call investment deposits												
Call deposits < 90 days				41 614	28 563	20 579	16 578	16 578	16 578			
Other current investments > 90 days								—	—			
Total Call investment deposits		2	—	41 614	28 563	20 579	16 578	16 578	16 578	—	—	—
Consumer debtors												
Consumer debtors			90 778	130 801	69 901	85 384	78 585	78 585	78 585	87 807	99 184	110 384
Less: Provision for debt impairment			(80 419)	(114 538)	(48 016)	(79 947)	(52 754)	(52 754)	(52 754)	(52 842)	(54 218)	(55 675)
Total Consumer debtors		2	10 360	16 264	21 885	5 437	25 831	25 831	25 831	34 965	44 966	54 709
Debt impairment provision												
Balance at the beginning of the year				93 481	114 538	78 647	48 016	48 016	48 016	50 316	52 842	54 218
Contributions to the provision			80 419	21 057	10 890	1 300	2 300	2 300	2 300	2 526	1 376	1 457
Bad debts written off					(77 412)			—	—			
Balance at end of year			80 419	114 538	48 016	79 947	50 316	50 316	50 316	52 842	54 218	55 675
Property, plant and equipment (PPE)												
PPE at cost/valuation (excl. finance lease)		3	518 180	552 052	588 016	621 579	637 948	637 948	637 948	676 918	709 467	743 738
Leases recognised as PPE			1 014	606	662	—	678	678	678	678	678	678
Less: Accumulated depreciation			99 127	129 466	149 396	164 415	173 725	173 725	173 725	198 728	224 664	252 129
Total Property, plant and equipment		2	420 067	423 192	439 281	457 164	464 901	464 901	464 901	478 868	485 481	492 287
LIABILITIES												
Current liabilities - Borrowing												
Short term loans (other than bank overdraft)								—	—			
Current portion of long-term liabilities				311	263		250	250	250	210		
Total Current liabilities - Borrowing			—	311	263	—	250	250	250	210	—	—
Trade and other payables												
Trade and other creditors			4 516	15 077	15 803	9 875	20 099	20 099	20 099	17 125	15 816	16 722
Unspent conditional transfers			7 225	1 801	349	—		—	—			
VAT			(2 175)			—		—	—			
Liabilities associated with Discontinued Operations					2 266							
Total Trade and other payables		2	9 567	16 879	18 418	9 875	20 099	20 099	20 099	17 125	15 816	16 722
Non current liabilities - Borrowing												
Borrowing		4	—	—		—		—	—			
Finance leases (including PPP asset element)			852	235	547	551	300	300	300	283	73	
Total Non current liabilities - Borrowing			852	235	547	551	300	300	300	283	73	—
Provisions - non-current												
Retirement benefits			4 841	6 600	5 694	7 220	5 516	5 516	5 516	6 645	8 193	8 676
Other major provision items												
Refuse landfill site rehabilitation			2 624	2 119	—	2 225		—	—			
Other			—	—				—	—			
Total Provisions - non-current			7 466	8 719	5 694	9 446	5 516	5 516	5 516	6 645	8 193	8 676
CHANGES IN NET ASSETS												
Accumulated Surplus/(Deficit)												
Accumulated Surplus/(Deficit) - opening			472 454	474 872	469 542	469 919	469 544	469 544	469 544	468 748	467 917	466 376
GRAP adjustments								—	—			
Restated balance			472 454	474 872	469 542	469 919	469 544	469 544	469 544	468 748	467 917	466 376
Surplus/(Deficit)			2 658	(5 329)	(11 157)	1 194	42	42	(797)	(831)	(1 541)	(9 146)
Appropriations to Reserves								—	—			
Transfers from Reserves								—	—			
Depreciation offsets								—	—			
Other adjustments								—	—			
Accumulated Surplus/(Deficit)		1	475 112	469 543	458 385	471 114	469 586	469 586	468 748	467 917	466 376	457 230
Reserves												
Housing Development Fund								—	—			
Capital replacement								—	—			
Self-insurance								—	—			
Other reserves								—	—			
Revaluation								—	—			
Total Reserves		2	—	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY		2	475 112	469 543	458 385	471 114	469 586	469 586	468 748	467 917	466 376	457 230



1.19 Municipal Manager's quality certificate

I S W Vatala, Municipal Manager of Emalahleni Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name S W VATALA

Municipal Manager of Emalahleni Municipality

Signature

A handwritten signature in black ink, appearing to be 'S W Vatala', is written over a horizontal dotted line. The signature is enclosed within a large, hand-drawn oval.

Date 31 March 2016